

# NEW MEXICO

## Taxation and Revenue Department

P.O. Box 25128 • Santa Fe, New Mexico 87504-5128 • 505-827-0700

TRD web site <http://www.tax.state.nm.us/>

### CRS-1 FILER'S KIT

For Reporting Gross Receipts, Withholding and Compensating Taxes

July through December 2010

## MAIL To:

## Contents

### In This Kit:

#### in order of appearance

- ✧ Announcements
- ✧ Due Date Calendar\*
- ✧ Department Office Locations
- ✧ Taxpayer Bill of Rights\*
- ✧ Gross Receipts Tax Rate Schedule\*
- ✧ CRS-1 Form Instructions\*
- ✧ CRS-1 Report Forms\*
- ✧ CRS-1 Long Form\*
- ✧ 2010 Legislative Summary\*
- ✧ Overview of Gross Receipts and Compensating Taxes\*
- ✧ Withholding Tax\*
  - General Information\*
  - Percentage Method Tables\*
- ✧ Other Forms
  - Publications Request
  - Business Tax Registration Update\*
  - Application for Tax Refund\*
  - Application for Nontaxable Transaction Certificates\*
  - Nontaxable Transaction Certificate Report\*

\* Also available on TRD web site  
<http://www.tax.state.nm.us/>

### GROSS RECEIPTS TAX INCREASE BEGINNING JULY 1, 2010

The state portion of the gross receipts tax, as well as the compensating tax rate, will increase by one-eighth percent for all locations as of July 1, 2010. This change comes from Senate Bill 10, which was passed by the New Mexico Legislature in the Special Session and signed into law by Governor Richardson. Please see the rate schedule for the current updated rates.

A new location code is added in Dona Ana County for the newly incorporated municipality of Anthony. A new location code was also added for the Village at Rio Rancho TIDD. Two location codes were added for Picuris Pueblo in Taos County because the Picuris Pueblo entered into a cooperative agreement with the state for collection of gross receipts tax.

Separate locations codes for the Moriarty Airport (Torrance County) and the Alexander Airport (Valencia County) have been removed from the rate schedule because these areas have been annexed into existing municipalities.

### Coming Soon.....Tax Amnesty

Take advantage of this limited window of opportunity to pay your unreported or underreported taxes without having to pay penalties or interest due.

The Amnesty Program applies to taxes due prior to January 1, 2010.

This Amnesty Program **DOES NOT** apply to taxes due which have already been assessed.

The Department will accept Tax Amnesty applications from June 28, 2010 through September 30, 2010.

For more information on the Tax Amnesty Program, contact any local District Office or please visit our Amnesty website at

**[www.taxamnesty.newmexico.gov](http://www.taxamnesty.newmexico.gov)**

**TO OPEN: FOLD AND TEAR ALONG THE PERFORATION**

## DUE DATES FOR REPORTING AND PAYING CRS TAXES

### July through December 2010




CRS taxes must be paid on or before the due dates indicated on the calendar. **Taxpayers whose average monthly tax liability for a calendar year is \$25,000 or more must pay by Special Payment Method and their payment dates will be earlier than those indicated on this calendar.** For details on Special Payment Methods, order FYI-401 from your local district tax office (see below) or view it online: [www.tax.state.nm.us/](http://www.tax.state.nm.us/)

JULY							AUGUST							SEPTEMBER						
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S
				1	2	3	1	2	3	4	5	6	7				1	2	3	4
4	5	6	7	8	9	10	8	9	10	11	12	13	14	5	6	7	8	9	10	11
11	12	13	14	15	16	17	15	16	17	18	19	20	21	12	13	14	15	16	17	18
18	19	20	21	22	23	24	22	23	24	25	26	27	28	19	20	21	22	23	24	25
25	26	27	28	29	30	31	29	30	31					26	27	28	29	30		

OCTOBER							NOVEMBER							DECEMBER						
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S
					1	2		1	2	3	4	5	6				1	2	3	4
3	4	5	6	7	8	9	7	8	9	10	11	12	13	5	6	7	8	9	10	11
10	11	12	13	14	15	16	14	15	16	17	18	19	20	12	13	14	15	16	17	18
17	18	19	20	21	22	23	21	22	23	24	25	26	27	19	20	21	22	23	24	25
24	25	26	27	28	29	30	28	29	30					26	27	28	29	30	31	
31																				

#### Legend:

-  Due date (postmark date) for monthly filers.
-  Due date for monthly and quarterly filers.
-  Due date for monthly, quarterly and semi-annual filers.

**Local Taxation and Revenue Department Offices:** If you have questions or require additional information, you may contact your local Taxation and Revenue Department Office.

#### ALBUQUERQUE:

Taxation & Revenue Department  
Bank of the West Building  
5301 Central Ave., NE  
P.O. Box 8485  
Albuquerque, NM 87198-8485  
Telephone: (505) 841-6200

#### FARMINGTON:

Taxation & Revenue Department  
3501 E. Main Street, Suite N  
P.O. Box 479  
Farmington, NM 87499-0479  
Telephone: (505) 325-5049

#### ROSWELL:

Taxation & Revenue Department  
400 Pennsylvania Ave., Suite 200  
P.O. Box 1557  
Roswell, NM 88202-1557  
Telephone: (575) 624-6065

#### ALAMOGORDO:

Taxation & Revenue Department  
Telephone: (575) 437-2322  
(Calls transfer to Las Cruces Office)

#### HOBBS:

Taxation & Revenue Department  
Telephone: (575) 393-0163  
(Calls transfer to Roswell Office)

#### SANTA FE:

Taxation & Revenue Department  
1200 South St. Francis Drive  
P.O. Box 5374  
Santa Fe, NM 87502-5374  
Telephone: (505) 827-0951

#### CARLSBAD:

Taxation & Revenue Department  
Telephone: (575) 885-5616  
(Calls transfer to Roswell Office)

#### LAS CRUCES:

Taxation & Revenue Department  
2540 S. El Paseo, Bldg. #2  
P.O. Box 607  
Las Cruces, NM 88004-0607  
Telephone: (575) 524-6225

#### SILVER CITY:

Taxation & Revenue Department  
Telephone: (575) 388-4403  
(Calls transfer to Las Cruces Office)

#### CLOVIS:

Taxation & Revenue Department  
Telephone: (575) 763-5515  
(Calls transfer to Roswell Office)

# **E is for EASY**

## **E-filing takes the worry out of filing your CRS return**

### **◆ E-filing changes take effect this year**

E-filing your monthly CRS (Combined Reporting System) returns will soon be mandatory\*, and the Taxation and Revenue Department is here to help you, if you are not e-filing already. Beginning in August, all filers with tax payments due over \$20,000 will be required to file their monthly returns online. In January 2011, all filers with monthly tax payments due over \$10,000 will have to file online. And in July, 2011, all monthly filers will be required to file online. Many of you already file online, but if you don't and need some help, go to [www.tax.state.nm.us](http://www.tax.state.nm.us) or call our Help Hotline at 505-827-0832 and let us walk you through it. Filing online is fast, efficient, easy and user friendly. Give it a try.

### **◆ E-pay is the quick and GREEN way to make your payment**

Once you're online filing your return, you can also pay using e-check or credit card with a few easy steps. After you submit your payment information, you will receive an online confirmation. Now you can be sure your payment is there on time, while saving you time, money and even a stamp. So e-file and pay, and take the worry out by "GOING GREEN."

\*The new e-filing requirements have been proposed as a regulation per statutory authority granted to the Secretary.



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# New Mexico Taxpayer Bill of Rights

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Most tax transactions happen without incident. In an imperfect world, however, occasional disagreements occur due to misunderstanding, mathematical error, missed deadlines, misplaced papers, high volume of transactions and many other situations. Over the years the Legislature and the department have established ways to handle difficulties according to the provisions of the state tax code. Following are some of your rights. Should you wish to consult the law itself, you will find it in Sections 7-1-4.1 through 7-1-4.3 NMSA 1978:

- ✦ The right to available public information and prompt and courteous tax assistance;
- ✦ The right to representation and advice by counsel or other qualified representatives at any time during your interactions with us according to provisions of Section 7-1-24 NMSA 1978;
- ✦ The right to have audits, inspections of records and meetings conducted at a reasonable time and place according to Section 7-1-11 NMSA 1978;
- ✦ The right to simple, non-technical information explaining procedures, remedies and rights during audit, protest and collection proceedings under the Tax Administration Act;
- ✦ The right to receive an explanation of audit results and the basis for audits, assessments or denials of refunds that identify tax, interest or penalty due;
- ✦ The right to seek review through formal or informal proceedings of findings or unfavorable decisions arising from determinations during audit or protest procedures according to Section 7-1-24 NMSA 1978;
- ✦ The right to have your tax information kept confidential unless otherwise specified by law in Sections 7-1-8.1 through 7-1-8.10 NMSA 1978;
- ✦ The right to an abatement of an assessment of taxes incorrectly, erroneously or illegally made (Section 7-1-28 NMSA 1978) and a right to seek a compromise of an asserted tax liability. When the Secretary of Taxation and Revenue in good faith doubts that you owe us what we claim you owe, you also have the right to seek a compromise if one exists in your particular case (Section 7-1-20 NMSA 1978);
- ✦ The right to clear information of the consequences if a tax assessment is not paid, secured, protested or otherwise provided for according to Section 7-1-16 NMSA 1978. If you become a delinquent taxpayer, upon notice of delinquency you have the right to timely notice of collection actions that require sale or seizure of your property under the Tax Administration Act, and
- ✦ The right to apply to pay your tax obligations by installment payment agreements according to the provisions of Section 7-1-21 NMSA 1978).

## Confidentiality Provisions:

Statutes regulating the confidentiality of your taxes continue to be strict. The Legislature included language in Section 7-1-8.2 NMSA 1978 requiring the Department to answer questions about whether a taxpayer is registered to do business in this state or is registered for other tax programs, but it does not allow employees to reveal whether you have filed a return. A hearing officer's written ruling on questions of evidence or procedure according to Section 7-1-24 NMSA 1978 may be made public, but not the name and identification number of the taxpayer requesting the ruling. Now included in public record are the monthly gasoline tax reports of numbers of gallons of gasoline and ethanol-blended fuels received and deducted, and the tax paid by each filer or payer of the tax. Identities of rack operators, importers, blenders, suppliers or distributors and the number of gallons of gasoline and other fuels are public record. The Department may make known to the Gaming Control Board the tax returns of license applicants and their affiliates.

## Audit Provisions:

We must provide you with written, dated notice that an audit is about to begin on a specific date, and the notice must tell you which tax programs and reporting periods will be covered. We must issue a second notice, which states any outstanding records or books of account requested and not yet received, between 60 and 180 days after the audit begins. If you do not produce the records within 90 days, the Department can issue an assessment of tax on the basis of the information as it stands. If you need additional time, you must submit a specific request in writing. Interest on outstanding liabilities accrues if the Department does not issue an assessment within 180 days of the notice of outstanding records or books, or within 90 days after time has expired under your request for additional time; however, you are entitled to an abatement of interest for the period of time after you have complied with Department requests and the Department has not acted on the audit.

## New Administrative Hearing Procedures:

A Department hearing officer may not engage as an employee in enforcing or formulating general tax policy other than to conduct hearings. You may request the Secretary to determine if a hearing officer's activities have affected his or her impartiality, and the Secretary may assign the case to another hearing officer. Hearing officers may not communicate unilaterally about a matter you have protested while that matter is still pending. The Secretary may appoint another hearing officer if that occurs. You may request a written ruling on any contested question of evidence in matters in which you have filed a pending written protest. You also may request that two or more protests on related issues be combined and heard jointly, and the hearing officer shall grant the request unless it creates an unreasonable burden on the Department.

## Credit Claims:

The Department has 180 days from the filing date to approve or deny a statutory tax credit. If it does not act, the credit is approved. The Secretary decides whether a refund of tax due you may be offset against your other tax liabilities, and you will receive notice that the refund will be made accordingly. You are entitled to interest until the tax liability is credited with the refund amount. Please see the paragraph above on "Audit Provisions" for interest due you if the Department does not offset a refund or credit against your other tax liabilities within the prescribed time. The Department may make a direct refund of overpaid taxes to the taxpayer without requiring the taxpayer to file a refund claim. The Department does not have to pay interest on credits or refunds if it applies the amount to a tax interception program, to an estimated payment, or to offset prior liabilities of the taxpayer.

## Awarding of Costs and Fees:

If you prevail in an administrative or court proceeding brought by you or against you after July 1, 2003, under the Tax Administration Act, you will receive a judgment or a settlement for reasonable administrative costs connected to the action.

## Penalty:

The Department may not assess penalty against you if you fail to pay tax when due because of a mistake of law made in good faith and on reasonable grounds. If the Secretary determines that it is unfair to hold a spouse or former spouse liable for payment of unpaid taxes, the Secretary may decline to take action against the spouse or former spouse of the person who actually owes the tax. In extreme cases of delinquency under Section 7-1-53 NMSA 1978 the Department may enjoin a taxpayer from continuing in business after a hearing and until the delinquency is cleared.

**REVISED**

**GROSS RECEIPTS TAX RATE SCHEDULE**

Effective July 1, 2010 through December 31, 2010

Municipality or County	Location Code	Rate
<b>BERNALILLO*</b>		
Albuquerque*	02-100	7.0000%
AlS Property/Nineteen Pueblos of NM (1) <sup>c</sup> *	02-905	7.0000%
AlS Property/Nineteen Pueblos of NM (2) <sup>c</sup> *	02-906	7.0000%
Laguna Pueblo (1)*	02-951	6.0625%
Laguna Pueblo (2)*	02-952	6.0625%
Los Ranchos de Albuquerque*	02-200	7.0625%
Mesa Del Sol TID District 1*	02-606	7.0000%
Quorum at ABQ Uptown TIDD*	02-034	7.0000%
Rio Rancho (Bernalillo)*	02-647	7.3750%
Sandia Pueblo (1)*	02-901	6.0625%
Sandia Pueblo (2)*	02-902	6.0625%
State Fairgrounds*	02-555	6.0625%
Tijeras*	02-318	6.9375%
Upper Petroglyphs TID District 1*	02-607	6.0625%
Upper Petroglyphs TID District 2*	02-608	6.0625%
Upper Petroglyphs TID District 3*	02-609	6.0625%
Upper Petroglyphs TID District 4*	02-610	6.0625%
Upper Petroglyphs TID District 5*	02-611	6.0625%
Upper Petroglyphs TID District 6*	02-612	6.0625%
Upper Petroglyphs TID District 7*	02-613	6.0625%
Upper Petroglyphs TID District 8*	02-614	6.0625%
Upper Petroglyphs TID District 9*	02-615	6.0625%
Winrock Town Center TID District 1*	02-035	7.0000%
Winrock Town Center TID District 2*	02-036	7.0000%
Remainder of County*	02-002	6.0625%
<b>CATRON*</b>		
Reserve*	28-130	6.9375%
Remainder of County*	28-028	5.6250%
<b>CHAVES*</b>		
Dexter*	04-201	6.9375%
Hagerman*	04-300	7.1250%
Lake Arthur*	04-400	6.4375%
Roswell*	04-101	7.1250%
Remainder of County*	04-004	6.0625%
<b>CIBOLA*</b>		
Grants*	33-227	8.0000%
Milan*	33-131	7.6250%
Laguna Pueblo (1)*	33-901	6.6875%
Laguna Pueblo (2)*	33-902	6.6875%
Remainder of County*	33-033	6.6875%
<b>COLFAX*</b>		
Angel Fire*	09-600	7.4375%
Cimarron*	09-401	6.8125%
Eagle Nest*	09-509	7.1875%
Maxwell*	09-202	5.8750%
Raton*	09-102	7.9375%
Springer*	09-301	6.8125%
Remainder of County*	09-009	5.7500%
<b>CURRY*</b>		
Clovis*	05-103	7.5625%
Clovis Airport*	05-154	5.8750%
Grady*	05-203	6.6875%
Melrose*	05-402	7.5000%
Texico*	05-302	7.3125%
Remainder of County*	05-005	5.8750%
<b>DEBACA*</b>		
Fort Sumner*	27-104	7.3750%
Remainder of County*	27-027	6.3125%
<b>DONA ANA*</b>		
Anthony*	07-507	6.0000%
City of Las Cruces TID District*	07-132	7.5625%
Hatch*	07-204	7.4375%
Las Cruces*	07-105	7.5625%
Mesilla*	07-303	7.8125%
Sunland Park*	07-416	7.6875%
Remainder of County*	07-007	6.3750%
<b>EDDY*</b>		
Artesia*	03-205	7.1875%
Carlsbad*	03-106	7.4375%
Hope*	03-304	6.6250%
Loving*	03-403	6.8125%
Remainder of County*	03-003	5.7500%
<b>STATE GROSS RECEIPTS TAX RATE = 5.125%</b>		
<b>COMPENSATING TAX RATE ON PROPERTY = 5.125%</b>		
<b>COMPENSATING TAX RATE ON SERVICES = 5%</b>		

Municipality or County	Location Code	Rate
<b>GRANT*</b>		
Bayard*	08-206	7.2500%
Hurley*	08-404	7.2500%
Santa Clara*	08-305	7.2500%
Silver City*	08-107	7.3750%
Remainder of County*	08-008	6.1875%
<b>GUADALUPE*</b>		
Santa Rosa*	24-108	8.0000%
Vaughn*	24-207	7.5000%
Remainder of County*	24-024	6.4375%
<b>HARDING*</b>		
Mosquero (Harding)*	31-208	6.5625%
Roy*	31-109	6.9375%
Remainder of County*	31-031	5.7500%
<b>HIDALGO*</b>		
Lordsburg*	23-110	7.5000%
Virdeh*	23-209	6.6875%
Remainder of County*	23-023	6.0625%
<b>LEA*</b>		
Eunice*	06-210	6.8125%
Hobbs*	06-111	6.8125%
Jal*	06-306	6.8125%
Lovington*	06-405	6.8750%
Lovington Industrial Park*	06-158	5.5000%
Tatum*	06-500	6.8125%
Remainder of County*	06-006	5.5000%
<b>LINCOLN*</b>		
Capitan*	26-211	6.8125%
Carriazo*	26-307	7.0000%
Corona*	26-406	6.9375%
Ruidoso*	26-112	8.4375%
Ruidoso Downs*	26-501	6.9375%
Remainder of County*	26-026	5.5000%
<b>LOS ALAMOS*</b>		
City and County*	32-032	7.3125%
<b>LUNA*</b>		
Columbus*	19-212	7.5625%
Deming*	19-113	7.5000%
Deming Industrial Park*	19-155	6.5000%
Remainder of County*	19-019	6.5000%
<b>McKINLEY*</b>		
Gallup*	13-114	8.0625%
Remainder of County*	13-013	6.7500%
<b>MORA*</b>		
Wagon Mound*	30-115	6.9375%
Remainder of County*	30-030	5.9375%
<b>OTERO*</b>		
Alamogordo*	15-116	7.6250%
Cloudcroft*	15-213	7.3750%
Tularosa*	15-308	7.3750%
Remainder of County*	15-015	5.9375%
<b>QUAY*</b>		
House*	10-407	7.7500%
Logan*	10-309	8.1250%
San Jon*	10-214	8.1250%
Tucumcari*	10-117	8.1250%
Remainder of County*	10-010	6.4375%

**OTHER TAXES AND REPORTING LOCATIONS**

**Location Code**

Leased Vehicle Gross Receipts Tax - 5.00% .....	44-444
Leased Vehicle Surcharge - \$2.00/day/vehicle .....	44-455
Governmental Gross Receipts Tax - 5.00% .....	55-055
Out-of-State Business (R&D Services) - 5.125% .....	77-777
Out-of-State Business (All Other) - 5.125% .....	88-888

**NOTE KEY**

- (1) Sales to tribal entities or members
- (2) Sales to tribal non-members by tribal non-members
- <sup>a</sup> Businesses located on Pueblo land within the city limits.
- <sup>b</sup> Businesses located within the water district and the city limits.
- <sup>c</sup> Albuquerque Indian School Property owned by the 19 Pueblos of NM.

\* Indicates rate change due to enactment/expiration of local option taxes and/or increase of state gross receipts tax rate.



**REVISED**

**GROSS RECEIPTS TAX RATE SCHEDULE**

Effective July 1, 2010 through December 31, 2010

Municipality or County	Location Code	Rate
<b>RIO ARRIBA*</b>		
Chama*	17-118	8.0000%
Espanola (Rio Arriba)*	17-215	8.0000%
Espanola/Ohkay Owingeh Pueblo (1) <sup>a</sup> *	17-943	8.0000%
Espanola/Ohkay Owingeh Pueblo (2) <sup>a</sup> *	17-944	8.0000%
Espanola/Santa Clara Grant (1) <sup>a</sup> *	17-903	8.0000%
Espanola/Santa Clara Grant (2) <sup>a</sup> *	17-904	8.0000%
Jicarilla Apache Nation (1)*	17-931	6.3125%
Jicarilla Apache Nation (2)*	17-932	6.3125%
Ohkay Owingeh Pueblo (1)*	17-941	6.3125%
Ohkay Owingeh Pueblo (2)*	17-942	6.3125%
Santa Clara Pueblo (1)*	17-901	6.3125%
Santa Clara Pueblo (2)*	17-902	6.3125%
Remainder of County*	17-017	6.3125%
<b>ROOSEVELT*</b>		
Causey*	11-408	6.6875%
Dora*	11-310	6.9375%
Elida*	11-216	7.5625%
Floyd*	11-502	6.6875%
Portales*	11-119	7.7500%
Remainder of County*	11-011	6.1875%
<b>SANDOVAL*</b>		
Bernalillo (City)*	29-120	7.0625%
Corrales*	29-504	7.1875%
Cuba*	29-311	7.8125%
Jemez Springs*	29-217	6.9375%
Jicarilla Apache Nation (1)*	29-931	6.2500%
Jicarilla Apache Nation (2)*	29-932	6.2500%
Laguna Pueblo (1)*	29-921	6.2500%
Laguna Pueblo (2)*	29-922	6.2500%
Pueblo de Cochiti (1)*	29-971	6.2500%
Pueblo de Cochiti (2)*	29-972	6.2500%
Rio Rancho (Sandoval)*	29-524	7.1875%
San Ysidro*	29-409	6.7500%
Sandia Pueblo (1)*	29-911	6.2500%
Sandia Pueblo (2)*	29-912	6.2500%
Santa Ana Pueblo (1)*	29-951	6.2500%
Santa Ana Pueblo (2)	29-952	6.2500%
Kewa Pueblo (1) - formerly Santo Domingo Pueblo	29-973	6.2500%
Kewa Pueblo (2) - formerly Santo Domingo Pueblo	29-974	6.2500%
Village at Rio Rancho TIDD*	29-525	7.1875%
Remainder of County*	29-029	6.2500%
<b>SAN JUAN*</b>		
Aztec*	16-218	7.7500%
Bloomfield*	16-312	7.6875%
Farmington*	16-121	7.1250%
Valley Water and Sanitation District*	16-321	6.5625%
Remainder of County*	16-016	6.3125%
<b>SAN MIGUEL*</b>		
Las Vegas*	12-122	7.8125%
Mosquero (San Miguel)*	12-418	7.0625%
Pecos*	12-313	7.4375%
Remainder of County*	12-012	6.5000%
<b>SANTA FE*</b>		
Edgewood*	01-320	7.8750%
Espanola (Santa Fe)*	01-226	8.4375%
Espanola/Santa Clara Grant (1) <sup>a</sup> *	01-903	8.4375%
Espanola/Santa Clara Grant (2) <sup>a</sup> *	01-904	8.4375%
Nambe Pueblo (1)*	01-951	6.6250%
Nambe Pueblo (2)*	01-952	6.6250%
Pojoaque Pueblo (1)*	01-961	6.6250%
Pojoaque Pueblo (2)*	01-962	6.6250%
Pueblo de Cochiti (1)*	01-971	6.6250%
Pueblo de Cochiti (2)*	01-972	6.6250%
Santa Clara Pueblo (1)*	01-901	6.6250%
Santa Clara Pueblo (2)*	01-902	6.6250%
Kewa Pueblo (1) - formerly Santo Domingo Pueblo*	01-973	6.6250%
Kewa Pueblo (2) - formerly Santo Domingo Pueblo*	01-974	6.6250%
Santa Fe (city)*	01-123	8.1875%
Remainder of County*	01-001	6.6250%
<b>STATE GROSS RECEIPTS TAX RATE = 5.125%</b>		
<b>COMPENSATING TAX RATE ON PROPERTY = 5.125%</b>		
<b>COMPENSATING TAX RATE ON SERVICES = 5%</b>		

Municipality or County	Location Code	Rate
<b>SIERRA*</b>		
Elephant Butte*	21-319	7.5000%
Truth or Consequences*	21-124	7.6250%
Truth or Consequences Airport*	21-164	6.3125%
Williamsburg*	21-220	7.5625%
Remainder of County*	21-021	6.3125%
<b>SOCORRO*</b>		
Magdalena*	25-221	6.8750%
Socorro (city)*	25-125	7.0000%
Socorro Industrial Park*	25-162	5.9375%
Remainder of County*	25-025	5.9375%
<b>TAOS*</b>		
El Prado Water and Sanitation District*	20-415	7.3750%
El Prado Water and Sanitation District <sup>b</sup> *	20-425	8.4375%
El Valle de Los Ranchos Water & Sanitation District*	20-419	7.3750%
El Valle de Los Ranchos Water & Sanitation District <sup>b</sup> *	20-429	8.4375%
Picuris Pueblo (1)*	20-917	7.1250%
Picuris Pueblo (2)*	20-918	7.1250%
Questa*	20-222	8.1875%
Questa Airport*	20-160	7.1250%
Red River*	20-317	8.4375%
Taos (city)*	20-126	8.1875%
Taos Airport*	20-163	7.1250%
Taos Pueblo (1)*	20-913	7.1250%
Taos Pueblo (2)*	20-914	7.1250%
Taos/Taos Pueblo (1) <sup>a</sup> *	20-915	8.1875%
Taos/Taos Pueblo (2) <sup>a</sup> *	20-916	8.1875%
Taos Ski Valley*	20-414	8.6875%
Remainder of County*	20-020	7.1250%
<b>TORRANCE*</b>		
Encino*	22-410	7.0625%
Estancia*	22-503	7.5625%
Moriarty*	22-223	7.4375%
Mountainair*	22-127	7.6875%
Willard*	22-314	7.3125%
Remainder of County*	22-022	6.5000%
<b>UNION*</b>		
Clayton*	18-128	7.8750%
Des Moines*	18-224	7.5000%
Folsom*	18-411	7.5000%
Grenville*	18-315	7.5000%
Remainder of County*	18-018	6.0625%
<b>VALENCIA*</b>		
Belen*	14-129	7.8125%
Bosque Farms*	14-505	7.6875%
Laguna Pueblo (1)*	14-901	6.3750%
Laguna Pueblo (2)*	14-902	6.3750%
Los Lunas*	14-316	7.5625%
Peralta*	14-412	7.4375%
Remainder of County*	14-014	6.3750%

**OTHER TAXES AND REPORTING LOCATIONS**

**Location Code**

Leased Vehicle Gross Receipts Tax - 5.00% .....	44-444
Leased Vehicle Surcharge - \$2.00/day/vehicle .....	44-455
Governmental Gross Receipts Tax - 5.00% .....	55-055
Out-of-State Business (R&D Services) - 5.125% .....	77-777
Out-of-State Business (All Other) - 5.125% .....	88-888

**NOTE KEY**

- (1) Sales to tribal entities or members
- (2) Sales to tribal non-members by tribal non-members
- <sup>a</sup> Businesses located on Pueblo land within the city limits.
- <sup>b</sup> Businesses located within the water district and the city limits.
- <sup>c</sup> Albuquerque Indian School Property owned by the 19 Pueblos of NM.

\* Indicates rate change due to enactment/expiration of local option taxes and/or increase of state gross receipts tax rate.

## CRS-1 INSTRUCTIONS FOR PAPER FILING

**Each report is due on or before the 25th of the month following the end of the tax period covered by the report.**

**NOTE:** For CRS-1 Forms due after August 1, 2010, you may be required to file electronically. For more information on this e-filing requirement, please visit our website at [www.tax.state.nm.us](http://www.tax.state.nm.us)

**Businesses with more than three business locations, codes or lines of detail to report or those who wish to claim the Services for Resale Tax Credit should complete the CRS-1 Long Form instead of the regular CRS-1 Form. The CRS-1 Long Form is available in this kit.**

**COLUMN A:** On separate lines enter the name of each municipality or county where you have a business location. The Gross Receipts Tax Rate Schedule has the listing of counties, municipalities and location codes for each. For more detail see FYI-200, "Your Business Location." Report receipts for your business location(s) even when goods or services are delivered elsewhere. The only exceptions are:

- Construction. The location is the construction site;
- Real estate sales. The location is the site of each property sold;
- Telecommunications. The location is the customer's receiver. For cellular telephone service the business location is the customer's place of primary use.
- Utilities. The location is the meter recording the amount of service the customer consumes.
- Transactions on the territory of an Indian tribe, pueblo or nation that has entered into a cooperative agreement with the Taxation and Revenue Department. The location is where services are performed and property is delivered.

Businesses without locations or resident sales personnel in New Mexico enter "out of state."

Governments reporting governmental gross receipts enter "GGRT."

Businesses reporting leased vehicle gross receipts tax use "LVGRT." Enter "LVSUR" for the leased vehicle surcharge.

**COLUMN B:** Enter the Special Code from the table below. *Do not use these codes unless they apply to you.*

Industry	Special Code
Transportation	S
Interstate Telecommunications	T
Certain Health Care Practitioners <sup>1</sup>	M
Food Retailer <sup>2</sup>	F

These codes alert the department's computer to a special rate or distribution requirement that may apply to your industry or to the type of deduction you are taking.

Special reporting instructions apply to interstate telecommunication companies and transportation companies. Contact the department or your local district office. Request publications FYI-403 and FYI-290 or view them online at [www.tax.state.nm.us/](http://www.tax.state.nm.us/).

**COLUMN C:** Enter Location Code from Gross Receipts Tax Rate Schedule. Please check that the location code corresponds to the municipality or county listed in Column A. Generally, the out-of-state Location Code is 88-888, but report under Location Code 77-777 all receipts from performing research and development services outside New Mexico the product of which is initially used in New Mexico. Use Location Code 55-055 for governmental gross receipts tax (only a government agency can use this code), 44-444 for leased vehicle gross receipts tax, and 44-455 for leased vehicle surcharge.

<sup>1</sup> Only licensed health care practitioners reporting deductions under Section 7-9-93 NMSA 1978 use this special code. All other receipts reported by licensed health care practitioners should not show a special code in Column B. Use a separate line for other types of medical deductions. For more information on who qualifies for the special code M deduction, please see FYI-202.

<sup>2</sup> Only food retailers reporting deductions under Section 7-9-92 NMSA 1978 use this special code. Do NOT claim deductions for federal food stamp sales paid for with food cards. Not all food retailers qualify for the special code F deduction. For more information on who qualifies, please see FYI-201.

**NOTE:** Each line of the CRS-1 or the CRS-1 Long Form must have an entry for Columns A and C. The exception is Column B. *Place an entry in Column B only if a special code applies to your receipts.* Leave no blanks in Columns A or C even if the information in them is identical to the line above.

**COLUMN D:** there are seven kinds of receipts reported on the CRS-1 Form or CRS-1 Long Form:

- "Regular" Gross Receipts is the total amount of money plus the monetary value of other consideration received from four kinds of transactions: selling property in New Mexico (including intangible personal property); leasing property used in New Mexico; performing services in New Mexico, or performing research and development services out of state when initial use of the product of the research and development service occurs in New Mexico;
- Governmental Gross Receipts are receipts of governments from selling tangible personal property and performing specified services;
- Interstate Telecommunications Gross Receipts are receipts of interstate telecommunications companies from providing interstate telecommunications services that originate or terminate in New Mexico or that are charged to a telephone or account in New Mexico;
- Tribal/Pueblo Gross Receipts are receipts of tribal entities that are collected by the department when the entity has entered into a cooperative agreement with the tribe or pueblo;
- Leased Vehicle Gross Receipts are receipts from the short-term rental of passenger automobiles that are part of a fleet of five or more vehicles;
- Leased Vehicle Surcharge is the total due at \$2 per day that each vehicle subject to the leased vehicle gross receipts tax is rented. Carry the leased vehicle surcharge directly to Column H. Columns E, F & G should be left blank, and
- Gross receipts that require a special code (other than Interstate Telecommunications Gross Receipts). Such receipts are for transportation (see FYI-290), qualifying receipts for food (see FYI-201) and medical (see FYI-202) transactions.

For Column D there are two types of entry:

1. For receipts that do not need special codes, enter taxable gross receipts and deductible gross receipts. Do not enter qualifying food, medical and transportation deductions that must be reported with a special code. Leave Column B blank.
2. For qualifying food and medical deductions and transportation receipts needing special codes, make a separate entry for each business location and each special code. Enter the appropriate special code in Column B. See Column B instructions above.

Excluded from gross receipts totals are gross receipts tax, governmental gross receipts tax and leased vehicle gross receipts tax. These amounts do not appear in Column D.

**COLUMN E:** A taxpayer must maintain in his possession a nontaxable transaction certificate (NTTC) or other acceptable evidence or documentation for each deduction claimed in this column. Deductions cannot exceed gross receipts reported in Column D for the same location. **Business expenses are not deductible from gross receipts.** For a listing of available deductions, please see FYI-105: Gross Receipts and Compensating Taxes: An Overview available online at [http://www.tax.state.nm.us/trd\\_pubs.htm](http://www.tax.state.nm.us/trd_pubs.htm).

Taxpayers reporting deductions under the special codes "M" (medical) and "F" (food) must report them separately from other deductible and taxable receipts. Deductible receipts with the "M" and "F" codes stand alone on separate lines of the CRS-1 Form. Use another line for all other gross receipts as usual, but leave Column B blank. **Food retailers do NOT enter on the CRS-1 Report any receipts for sales paid for by federal food cards.**

**COLUMN F:** Column D minus Column E. This amount can never be less than zero.

**COLUMN G:** Enter the rate from the Gross Receipts Tax Rate Schedule or a special tax rate if you entered "S" or "T" in Column B. See the instructions for Column B.

**COLUMN H:** Enter Gross Receipts Tax Due for each line of detail by multiplying Column F by Column G. Enter total of Column H on Line 1. If you are filing the CRS-1 Long Form (including any supplemental pages), enter on line 1 the total of Column H from all pages.

**Amended Report:** Check if amending a previously filed return.

**Payment via Automated Clearinghouse Deposit or Federal Wire Transfer:** Check appropriate box and enter date of transfer.

**TAX PERIOD:** Enter the dates for which the tax is reported, not the month the payment is made. The tax period should be monthly, quarterly or semiannually, according to the filing frequency listed on your Registration Certificate.

**Provide your CRS ID number and telephone number.**

## CRS-1 INSTRUCTIONS FOR LINES 1 - 7

**LINE 1: GROSS RECEIPTS TAX.** Complete Columns A through H and enter the Column H total on Line 1 (includes amounts of governmental gross receipts tax, interstate telecommunications gross receipts tax, leased vehicle gross receipts tax and leased vehicle surcharge). Be sure to include the total from Column H from the CRS-1 Long Form and any supplemental pages you may be required to file.

**LINE 2: COMPENSATING TAX.** Take 5.125% of the value of:

- (1) property that was manufactured by the person using the property in New Mexico;
- (2) property acquired from a person located outside New Mexico that would have been subject to gross receipts tax had the property been acquired from a person with nexus with New Mexico; or
- (3) property or services acquired or purchased for nontaxable use and then used by the buyer (Example: A retailer delivers a nontaxable transaction certificate to purchase items for resale. The retailer removes items from inventory for personal use. Compensating tax is due on the value of these items.).

**LINE 3: WITHHOLDING TAX.** Every employer doing business in New Mexico or deriving income from within New Mexico who pays wages or other remuneration to an employee and who is required to withhold federal income tax must withhold New Mexico income tax. In addition, operators of gambling establishments must, on behalf of the state, withhold 6% from winnings if required to withhold for federal purposes. Gaming operators must include copies of IRS Forms 1099, W2-G or 1042S. Withholding Tax Tables are included in the CRS-1 Filer's Kit, or you may view them online at [www.tax.state.nm.us/](http://www.tax.state.nm.us/). Use Line 3 only to report tax withheld from wages and gambling winnings.

**LINE 4: TOTAL TAX DUE.** Add Lines 1, 2 and 3.

**LINE 5: PENALTY.** Penalty is applied for failure to pay or file on time. Prior to January 1, 2008, penalty is calculated at a rate of 2% of Line 4 per month or partial month (any fraction of a month is a full month) the payment is late, up to 10% of the tax due or a minimum of \$5.00, whichever is greater.

After January 1, 2008, penalty is calculated at the same monthly rate and in the same manner but the maximum amount of penalty that can be imposed increases to 20% of the tax due or a minimum of \$5.00, whichever is greater.

THE MINIMUM \$5.00 PENALTY ALSO IS IMPOSED FOR FAILURE TO FILE THIS REPORT EVEN IF NO TAX IS DUE. See FYI-401 for special payment methods for Automated Clearinghouse (ACH) taxpayers.

**NOTE:** Penalty is calculated on the outstanding tax due balance. Any outstanding tax that originated prior to January 1, 2008, may still be subject to the 20% penalty threshold effective January 1, 2008.

**LINE 6: INTEREST.** Prior to January 1, 2008, calculate interest at .041% of Line 4 for each day the payment is late. The formula is:

$$\text{Tax Due} \times .00041 \times \text{Number of Days Late} = \text{Interest Due}$$

Example: Taxpayer's tax due on Line 4 is \$1,000. The payment is five days late. To calculate interest, multiply \$1,000 by .041% (.00041). The result is \$.41, which is the interest due for one day. Multiply \$.41 by five (the number of days the payment is late). The interest is \$2.05. Enter this amount on Line 6.

$$\$1,000 \times .00041 \times 5 = \$2.05$$

**NOTE:** You are not liable for interest if the total interest is less than \$1.00.

After January 1, 2008, interest continues to be calculated daily but the rate will be set at the rate established for individual income tax purposes by the U.S. Internal Revenue Code (IRC). The interest rate changes on a quarterly basis. Please visit the department web site at [www.tax.state.nm.us](http://www.tax.state.nm.us) for information on the current quarterly and daily rate.

**LINE 7: TOTAL AMOUNT DUE.** Add Lines 4, 5 and 6. Pay this amount. A CRS payment should not be combined on the same check or money order with any other tax or fee paid to the department. See below for mailing address.

If you prefer, you may file and pay your CRS taxes online by going to our web site at [www.tax.state.nm.us/](http://www.tax.state.nm.us/) and select "Online Services". If you have never filed electronically, the department will have to set up your account using an extra step. First-time CRS-NET filers should e-mail us at [nmwebfile@state.nm.us](mailto:nmwebfile@state.nm.us). Include your 11-digit CRS identification number. The process is quick and easy once you have been added to the database.

**NOTE:** The following tax credits may be taken against tax programs that are reported on the CRS-1 or CRS-1 Long Forms. Please note there are additional forms that must be completed to apply for and claim these credits. You may request these forms from your local district tax office or online at [www.tax.state.nm.us/](http://www.tax.state.nm.us/).

Tax Credit	Claimed Against	Form Requirements
Advanced Energy Tax Credit	Gross Receipts, Compensating and Withholding Taxes	RPD-41335; RPD-41334
Affordable Housing Tax Credit	Gross Receipts, Compensating and Withholding Taxes	RPD-41301
Biodiesel Blending Facility Tax Credit	Gross Receipts and Compensating Taxes	RPD-41339; RPD-41321
Double Local Option Tax Penalty Credit	Gross Receipts, Compensating and Withholding Taxes	RPD-41328
High-Wage Jobs Tax Credit	Gross Receipts, Compensating, Withholding Taxes and Interstate Telecommunications GRT	RPD-41288; RPD-41290
Hospital Credit	Gross Receipts Tax	RPD-41324
Investment Credit	Gross Receipts, Compensating and Withholding Taxes	RPD-41167; RPD-41168; RPD-41212
Laboratory Partnership with Small Business Tax Credit	Gross Receipts Tax	None.
Research & Development Small Business Tax Credit	Gross Receipts, Compensating and Withholding Taxes	RPD-41297; RPD-41298
Rural Job Tax Credit	Gross Receipts, Compensating and Withholding Taxes	RPD-41238; RPD-41243
Service for Resale Tax Credit	Gross Receipts Tax	RPD-41300
Technology Jobs Tax Credit	Gross Receipts, Compensating and Withholding Taxes	RPD-41239; RPD-41244
Unpaid Doctor Services Credit	Gross Receipts, Compensating and Withholding Taxes	RPD-41323

**NOTE:** If you are reporting receipts that are deductible under the Gross Receipts Tax Holiday deduction, you will also need to complete form RPD-41299 and attach it to your CRS-1 Form. You can request the form RPD-41299 from your local district tax office or online at [www.tax.state.nm.us/](http://www.tax.state.nm.us/).



- 6 CRS-1 Forms are provided for you to complete and submit to the Department.
- You will receive more CRS-1 Forms in the CRS-1 Filer's Kit mailed every June and December.
- Please file your CRS-1 Forms in accordance with your filing status: i.e., monthly, quarterly, semi-annually. If you do not know your filing status, please contact your local district office.
- Sign the return and make check payable to Taxation and Revenue Department.  
Mail to: P.O. Box 25128, Santa Fe, NM 87504-5128

Penalty will be assessed for nonpayment of timely reports. Please indicate your CRS ID number on your check.

Do not make address changes on the CRS-1 Form.  
Use the Registration Update, Form ACD-31075, included in this packet.

NAME	NEW MEXICO CRS ID NO. ➔
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### TAXPAYER'S COPY

Keep this copy as part of your records.

Tear at perforation and return bottom portion only to:  
Taxation and Revenue Department  
P.O. Box 25128, Santa Fe, New Mexico 87504-5128

**Due date: 25th of month following end of report period**

COMBINED REPORT FORM, CRS-1

10/2000

NAME
STREET / BOX
CITY, STATE, ZIP

NEW MEXICO CRS ID NO. ➔
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Please complete if not preprinted

Please complete if not preprinted

**Mail To: Taxation and Revenue Department, P.O. Box 25128, Santa Fe, NM 87504-5128**

DEPT. USE LATE FILE	DEPT. USE ONLY		DEPT. USE ONLY Do not write in this area

# Go Paperless!

File the CRS-1 Form online through the Department's web site:

[www.tax.state.nm.us/](http://www.tax.state.nm.us/)

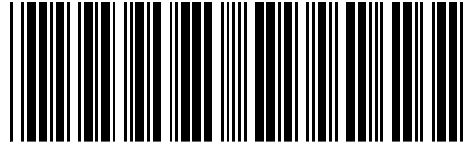
Click on Electronic Services and choose CRS-NET.

A Municipality / County Name	B Special Code*	C Location Code	D Gross Receipts (Excluding Tax)	E Total Deductions	F Taxable Gross Receipts	G Tax Rate	H Gross Receipts Tax						
TOTAL COLUMNS D, E and H. *See instructions for column B.			\$	\$	TOTAL GROSS RECEIPTS TAX		1						
<b>Payment made by:</b> <input type="checkbox"/> Automated Clearinghouse Deposit <b>Date</b> _____ <input type="checkbox"/> Federal Wire Transfer <b>Date</b> _____  <b>Check if applicable:</b> <input type="checkbox"/> Amended Report  TAX PERIOD <table border="1"><tr><td>Month</td><td>Day</td><td>Year</td></tr></table> through <table border="1"><tr><td>Month</td><td>Day</td><td>Year</td></tr></table>  Print Name _____ NM CRS ID No. _____ Phone No. _____  Signature of Taxpayer or Agent _____ Title _____  Date _____  I declare that I have examined this return including any accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct and complete.					Month	Day	Year	Month	Day	Year	COMPENSATING TAX		2
					Month	Day	Year						
					Month	Day	Year						
					WITHHOLDING TAX		3						
					TOTAL TAX DUE		4						
PENALTY		5											
INTEREST		6											
					TOTAL AMOUNT DUE		7						

A Municipality / County Name	B Special Code*	C Location Code	D Gross Receipts (Excluding Tax)	E Total Deductions	F Taxable Gross Receipts	G Tax Rate	H Gross Receipts Tax						
TOTAL COLUMNS D, E and H. *See instructions for column B.			\$	\$	TOTAL GROSS RECEIPTS TAX		1						
<b>Payment made by:</b> <input type="checkbox"/> Automated Clearinghouse Deposit <b>Date</b> _____ <input type="checkbox"/> Federal Wire Transfer <b>Date</b> _____  <b>Check if applicable:</b> <input type="checkbox"/> Amended Report  TAX PERIOD <table border="1"><tr><td>Month</td><td>Day</td><td>Year</td></tr></table> through <table border="1"><tr><td>Month</td><td>Day</td><td>Year</td></tr></table>  Print Name _____ NM CRS ID No. _____ Phone No. _____  Signature of Taxpayer or Agent _____ Title _____  Date _____  I declare that I have examined this return including any accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct and complete.					Month	Day	Year	Month	Day	Year	COMPENSATING TAX		2
					Month	Day	Year						
					Month	Day	Year						
					WITHHOLDING TAX		3						
					TOTAL TAX DUE		4						
PENALTY		5											
INTEREST		6											
					TOTAL AMOUNT DUE		7						

# CRS-1 - LONG FORM PAGE 1

## COMBINED REPORT SYSTEM



Mail to: Taxation and Revenue Department,  
P.O. Box 25128, Santa Fe, NM 87504-5128

NAME  STREET / BOX  CITY, STATE, ZIP	NEW MEXICO CRS ID NO.
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TAX PERIOD				through			
Month	Day	Year			Month	Day	Year

Check if applicable: ☐ Amended report

Payment made by:

☐ Automated clearinghouse deposit

Date \_\_\_\_\_

☐ Federal wire transfer

Date \_\_\_\_\_

If additional space is needed, use the supplemental page.

Do not submit a photocopy of these forms to the Department. If additional space is needed, please obtain an original form from your local district office or download the form from our web site at [www.tax.state.nm.us/](http://www.tax.state.nm.us/)

A Municipality / county name	B Special code*	C Location code	D Gross receipts (excluding tax)	E Total deductions	F Taxable gross receipts	G Tax rate	H Gross receipts tax
Enter total of columns D, E and H, this page. * See instructions for column B.			\$	\$			
If supplemental pages are attached, enter total of all columns D, E and H from this page and all supplemental pages.			\$	\$			

I declare that I have examined this return, including any accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct and complete.

Signature of Taxpayer or Agent

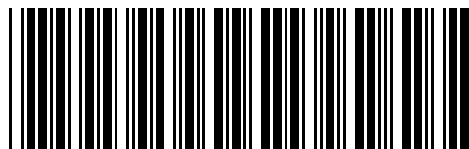
Print name

Phone

Title

Date

1	TOTAL GROSS RECEIPTS TAX ALL PAGES	
2	COMPENSATING TAX	
3	WITHHOLDING TAX	
4	TOTAL TAX DUE	
5	PENALTY	
6	INTEREST	
7	TOTAL AMOUNT DUE	



NAME	NEW MEXICO CRS ID NO.	
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Month      Day      Year

Month      Day      Year

Do not submit a photocopy of these forms to the Department. If additional space is needed, please obtain an original form from your local district office or download the form from our web site at [www.tax.state.nm.us/](http://www.tax.state.nm.us/).

[illegible]



# 2010 LEGISLATIVE SUMMARY

The 2010 Legislature met for 30 days in regular session and in a subsequent special session. Acts affecting the Taxation and Revenue Department (TRD) either administratively or programmatically during the session appear below in summary. The heading for each entry includes a title or description, the 2010 session law chapter number, the bill number and the effective date of the law's provisions. All references to statutes are for the New Mexico Statutes Annotated (NMSA) 1978.

## TAX ADMINISTRATION

### **Las Cruces Tax Implement Project Bonds**

#### **Chapter 11 [HB-112, SB-95]**

**Sponsors: Rep. Antonio Lujan and Sen. Mary Kay Papen**

**Effective Date: May 19, 2010**

This law authorizes the issuance of bonds not to exceed \$8,000,000 in net proceeds, secured by tax increments authorized pursuant to the Tax Increment for Development (TIDD) Act for the City of Las Cruces Main Street downtown tax increment development project.

The duration of the authorization for issuance of bonds in this act is 25 years.

### **Aggressive Gross Receipts Tax Collection** **[HM-65]**

**Sponsor: Rep. Jim R. Trujillo**

**Effective Date: May 19, 2010**

This memorial requests the Taxation and Revenue Department to implement a public information campaign to educate the public and businesses about gross receipts tax. It also urges the department to aggressively enforce and collect the gross receipts tax.

### **Temporary Tax Amnesty Program** **Chapter 2 [SB-2, Special Session]**

**Sponsor: Sen. Phil A. Griego**

**Effective Date: March 19, 2010**

This law authorizes the Secretary of the Taxation and Revenue Department, with the concurrence of the Governor, to declare an amnesty period of no more than 180 days within fiscal years 2010 and 2011. All revenue collected as a result of the tax amnesty must be identified and reported to the first session of the fifty-first legislature. The Secretary is authorized to waive interest and penalty during this amnesty period on taxes that were due and not assessed prior to the day the amnesty period begins. The amnesty is to be conducted as a managed audit, but the Secretary is authorized to waive certain eligibility requirements of the managed audit program currently available to eligible New Mexico taxpayers. Waivers could open the amnesty to taxpayers TRD is currently pursuing for non-filed returns, taxpayers with existing debt and taxpayers who have been audited in the past who have unreported and unassessed taxes.

This law provides an appropriation of \$500,000 to

the Taxation and Revenue Department for expenditure in fiscal years 2010 through 2012 to conduct the tax amnesty program. Any unexpended or unencumbered balance remaining at the end of fiscal year 2012 must revert to the General Fund.

## INCOME TAXES

### **Repeal of Deduction for State and Local Taxes**

#### **Chapter 7 [SB-10, Special Session]**

**Sponsors: This bill is a combination of SB-10 (Sen. Carlos R. Cisneros), SB-12 (Sen. Carlos R. Cisneros) and SB-13 (Sen. Gerald Ortiz y Pino)**

**Effective Date: Tax years beginning on or after January 1, 2010**

This law amends the definition of "net income" to repeal the itemized deduction for state and local income and sales taxes that are deductible under federal law for income tax purposes. The law also modifies the definition of "net income" for taxable years beginning on or after January 1, 2011 to exclude the amount included in adjusted gross income (AGI) that represents a refund of state and local income and sales taxes that were deducted for federal tax purposes in taxable years beginning on or after January 1, 2010.

## WITHHOLDING TAX

### **Tax Withholding Changes**

#### **Chapter 53 [HB-120]**

**Sponsor: Rep. Ben Lujan**

**Effective Date: January 1, 2011**

This legislation combines and conforms withholding on pass-through entities and oil and gas proceeds into the Oil and Gas Proceeds and Pass-Through Entity Withholding Tax Act. The Act:

- exempts residents, but prohibits nonresidents from avoiding withholding by "opting out" of withholding or by simply having a New Mexico mailing address;
- makes the amounts of tax deducted and withheld under the Act payments of estimated tax;
- allows all costs deducted by a remitter or paid to a remitter for expenses related to production or cessation of production from a well to be taken

into account when computing withholding on oil and gas proceeds;

- clarifies that withholding is based on the remittee's net income;
- clarifies, but does not change, the withholding tax rates under the Act;
- makes trusts and estates that distribute income to beneficiaries pass-through entities for withholding purposes;
- removes the withholding obligation for single-member LLC's that are "disregarded entities" for federal income tax purposes;
- allows pass-through entities to base withholding on the prior taxable year's net income if that year was a full year;
- sets a new threshold for withholding of \$30 per quarter, corresponding to nearly \$2,500 of annual income and equivalent to \$10 of withholding per month (the threshold for pension and annuity withholding);
- allows remitters or pass-through entities to agree with a remittee or owner that the remittee or owner will pay the amount that the remitter or pass-through entity would have been required to withhold and remit on behalf of the remittee or owner;
- for remitters or pass-through entities that enter into such agreements, removes liability for the withholding if the remittee or owner fails to pay the withholding until the Taxation and Revenue Department notifies the remittee or pass-through entity; adds definitions for several key terms, such as "net income" and "partnership"; removes the requirement for pass-through entities to withhold on net income of nonprofits or federal, state, local or tribal governments, and
- requires employers with more than 50 employees, and who do not have a Department of Workforce Solutions filing requirement, to electronically file an information return with TRD and the Workers' Compensation Administration.

## **GROSS RECEIPTS TAXES - GENERAL**

### **Gross Receipts Tax Rate Increase**

**Chapter 7 [SB-10, Special Session]**

**Sponsors:** This bill is a combination of SB-10 (Sen. Carlos R. Cisneros), SB-12 (Sen. Carlos R. Cisneros) and SB-13 (Sen. Gerald Ortiz y Pino)

**Effective Date:** July 1, 2010

This law increased the state gross receipts tax rate

by one-eighth percent (0.125%), from 5.0% to 5.125%.

### **Electric Generating Facility Gross Receipts**

**Chapters 78, 77 [HB-261, SB-201]**

**Sponsors:** Rep. Mary Helen Garcia and Sen. Carlos R. Cisneros

**Effective Date:** July 1, 2010

This legislation creates a new deduction, the Advanced Energy Deduction, and expands an existing deduction under Section 7-9-54.3 NMSA 1978. The new gross receipts tax and compensating tax deduction is for receipts from selling tangible personal property or services that are eligible generation plant costs to a person that holds an interest in a qualified generating facility. This new deduction requires the eligible buyer, who is an interest holder in the generation facility, to deliver a nontaxable transaction certificate (NTTC) to the seller. This new deduction must be reported separately on a form approved by the Taxation and Revenue Department and the NTTC must clearly display a notice that the deduction is required to be reported. This deduction would only be available to a qualified generating facility for a 10-year period from the year development of the qualified generating facility begins. This deduction cannot be claimed for the same qualified expenses for which a taxpayer claims the advanced energy tax credit (Sections 7-2-18.25 and 7-2A-25), the advanced energy combined reporting tax credit (Section 7-9G-2) or the gross receipts tax deduction under Section 7-9-54.2 NMSA 1978.

Formerly, Section 7-9-54.3 NMSA 1978 offered a deduction from gross receipts for receipts from selling wind generation nacelles, rotors or related equipment to a federal or New Mexico governmental entity if such equipment was installed on a supporting structure. This law expands that deduction to include sales of solar generation equipment to a government for the purpose of installing a wind or solar electric generation facility. This deduction cannot be taken for receipts from an expenditure for which a taxpayer claims the advanced energy tax credit (Sections 7-2-18.25 and 7-2A-25) or the advanced energy combined reporting tax credit (Section 7-9G-2).

## **GROSS RECEIPTS TAXES - LOCAL OPTION**

### **Business Retention Gross Receipts Tax and Gaming Tax Chapter 31 [HB-203]**

**Sponsor:** Rep. Thomas A. Garcia

**Effective Date:** March 4, 2010

This law authorizes any county with a "racino" to impose a new countywide County Business Retention Gross Receipts Tax (CBRGRT) to provide funds to retain local businesses in the county. Revenue from the tax may also be used for "administration of the county" and other uses. The tax can be imposed at a rate of up to 1/4% in 1/16%

increments. Imposition of the tax requires approval from voters in the areas of the county outside of municipalities. The question may be submitted to the voters as a separate countywide question at a general election or at a special election.

The law creates a new credit against the CBRGRT for racinos, called the County Gaming Tax Credit. A racino may claim the credit if it is in a county that has imposed the CBRGRT (at any rate) and the racino had a net take of less than \$15 million in the prior calendar year. A racino can claim a credit equal to 50% of its gaming tax liability, provided that the amount of the total credit claimed by a racino cannot exceed \$750,000 in any New Mexico fiscal year. This law also creates an annual distribution to counties imposing the CBRGRT equal to the balance of the net receipts attributable to the CBRGRT for the prior fiscal year after the General Fund has retained an amount equal to the County Gaming Tax Credits allowed in that county in the prior fiscal year.

If a taxpayer claims the credit in a prior fiscal year for an amount exceeding the amount distributed to the state from the proceeds of the CBRGRT in the county where the taxpayer is located, the taxpayer will owe the state an amount equal to the excess credit. The taxpayer will not be allowed to claim the credit again until that amount has been remitted to the state.

#### **Capital Outlay Gross Receipts Restrictions**

##### **Chapter 44 [HB-30]**

**Sponsor: Rep. Jim R. Trujillo**

**Effective Date: July 1, 2010**

This law allows all municipalities and counties to impose the capital outlay gross receipts tax, regardless of their prior local option enactments. Formerly, only municipalities that have enacted all increments of municipal gross receipts tax and municipal infrastructure gross receipts tax could impose the municipal capital outlay gross receipts tax. Similar requirements were imposed on counties who wished to impose the county capital outlay gross receipts tax. This legislation also allows the revenue from the county capital outlay gross receipts tax to be dedicated to any county infrastructure purpose.

#### **County Gross Receipts for County Projects**

##### **Chapter 82 [SB-162]**

**Sponsor: Sen. John M. Sapien**

**Effective Date: July 1, 2010**

This legislation allows counties to pledge the one-sixteenth increment of county gross receipts tax for the payment of principal and interest due in connection with any purpose authorized in Section 4-62-1 NMSA 1978, or specific purposes or for any area of county government services.

#### **County Hospital Gross Receipts Purposes**

##### **Chapter 75 [SB-234]**

**Sponsor: Sen. Stephen H. Fischmann**

**Effective Date: July 1, 2010**

This law amends Section 7-20E-12.1 NMSA 1978 to add language concerning the purpose of the county hospital emergency gross receipts tax. In addition to the existing purposes, it adds the design and construction of a county hospital facility, and also that the money may be used for acquisition of land or buildings. This law also allows the majority of members of the governing body that has enacted an ordinance imposing the tax to enact an ordinance extending the period for an additional 20 years prior to the date of delayed repeal of the ordinance, and in that ordinance to modify the purposes for which the revenue is dedicated.

## **COMPENSATING TAX**

#### **Compensating Tax Rate Increase**

##### **Chapter 7 [SB-10, Special Session]**

**Sponsors: This bill is a combination of SB-10 (Sen. Carlos R. Cisneros), SB-12 (Sen. Carlos R. Cisneros) and SB-13 (Sen. Gerald Ortiz y Pino)**

**Effective Date: July 1, 2010**

This law increased the compensating tax rate by one-eighth percent (0.125%), from 5.0% to 5.125%.

#### **Expansion of Compensating Tax Imposition**

##### **Chapter 7 [SB-10, Special Session]**

**Sponsors: This bill is a combination of SB-10 (Sen. Carlos R. Cisneros), SB-12 (Sen. Carlos R. Cisneros) and SB-13 (Sen. Gerald Ortiz y Pino)**

**Effective Date: July 1, 2010**

This law amends the compensating tax to extend the imposition of the tax to include sales in New Mexico by an out-of-state business. Under previous law, sales in New Mexico by an out-of-state business that did not have nexus with the state were not taxed under either the gross receipts or compensating taxes.

## **TAX CREDITS**

#### **Affordable Housing Tax Credit Use & Vouchers**

##### **Chapter 17 [SB-144]**

**Sponsor: Sen. Nancy Rodriguez**

**Effective Date: July 1, 2010**

Previously, the Affordable Housing Tax Credit was limited to projects located in counties with populations less than 100,000, thereby excluding Bernalillo, Dona Ana, Santa Fe, and San Juan counties. This law expands the Affordable Housing Tax Credit Act to include all counties. It also adds materials to the list of those eligible for investment vouchers.

## **Transport of Dairy Waste for Gas Tax Credit Chapter 84 [HB-171]**

**Sponsor: Rep. Ben Lujan**

**Effective Date: May 19, 2010. (Applicable to tax years beginning on or after January 1, 2011, and ending prior to January 1, 2020.)**

This law creates both a personal income tax credit and a corporate income and franchise tax credit for a taxpayer who owns a dairy or feedlot and transports agricultural biomass to a facility that uses agricultural biomass to generate electricity or make biocrude or other liquid or gaseous fuel for commercial use. The credit is equal to \$5.00 per wet ton of agricultural biomass that is transported to a qualified facility.

Credits may be sold, transferred or otherwise transferred to another taxpayer. Any portion of the credit that remains unused in a taxable year may be carried forward for a maximum of four consecutive taxable years following the taxable year in which the credit originates, until the credit is fully expended. A taxpayer who claims the personal income tax credit cannot also claim the corporate income tax credit for transportation of the same agricultural biomass on which the claim for that agricultural biomass income tax credit is based. These credits are to be limited to an annual combined total of \$5,000,000. Applications for the credit must be considered in the order they are received.

Prior to July 1, 2011, the Energy, Minerals and Natural Resources Department must adopt rules establishing procedures to provide certification of transportation of agricultural biomass to a qualified facility.

## **PROPERTY TAXES**

### **Albuquerque Bond and Mill Levy Election [HM-24]**

**Sponsor: Rep. Rick Miera**

**Effective Date: May 19, 2010**

This memorial formally proclaims the House of Representatives' support of the February 2, 2010, general obligation bond and mill levy election for capital improvements in Albuquerque Public Schools. The memorial also asks that the Governor formally give his support to this election as well.

### **Veterans Organization Property Tax [SJR-7]**

**Sponsor: Sen. David Ulibarri**

**Effective Date: Immediately upon voter approval**

This joint resolution proposes an amendment to the New Mexico Constitution that would exempt from taxation the property of a veterans organization chartered by the United States Congress and used primarily "for veterans and their families."

## **No Solar Panels as Property Tax Improvements Chapter 30 [HB-233]**

**Sponsor: Rep. Mimi Stewart**

**Effective Date: May 19, 2010 (applicable to tax years beginning on or after January 1, 2010)**

This legislation amends Section 7-36-21.2 NMSA 1978 of the Property Tax Code ("Limitation on Increases in Valuation of Residential Property"). The amendment excludes the addition of a solar energy installation from being considered a physical improvement for purposes of the 3 percent limitation on increases to assessed values of residential property. The result is that adding solar systems to residential property will not increase the property's assessed value, unlike other improvements to the property, which, by statute, do increase a property's assessed value. Solar system installation is defined as "an installation that is used to provide space heat, hot water or electricity to the property in which it is installed". That definition further states that a solar system installation is one that uses solar panels that are not also windows, a dark-colored water tank exposed to sunlight or a non-vented trombe wall.

## **Natural Heritage Conservation Act Chapter 83 [SB-186]**

**Sponsor Sen. Carlos R. Cisneros**

**Effective Date: May 19, 2010**

This legislation enacts the Natural Heritage Conservation Act. The purpose of this Act is to protect the State's natural heritage by funding acquisition of conservation and agricultural easements and land restoration projects to protect land and water available for forests and watersheds, natural areas, wildlife and wildlife habitat, working farms and ranches, outdoor recreation and trails and land and habitat restoration and management.

This law also creates the Natural Heritage Conservation Fund, which is to be administered by the Energy, Minerals and Natural Resources Department (EMNRD). Money in the Fund is appropriated to EMNRD to fund conservation projects. EMNRD is also allowed to acquire conservation or agricultural easements by itself or with a conservation entity or qualified entity. A conservation entity is defined in the law as a private charitable corporation or trust that has tax exempt status under federal law. A qualified entity is defined as essentially a public entity, for example a state educational institution or a political subdivision of the State.

## **OIL AND GAS TAXES**

### **Oil and Gas Conservation Tax Distribution Chapter 98 [HB-208]**

**Sponsor: Rep. John A. Heaton**

**Effective Date: May 19, 2010**

Under former law, the oil and conservation tax



applied to oil and other liquid hydrocarbons, natural gas, CO<sub>2</sub>, helium, non-hydrocarbon gases and coal. The rate depended on the balance in the Oil and Gas Reclamation Fund. The maximum rate was .19% of taxable value with .17% of taxable value (or 89.47% of net receipts) distributed to the General Fund and .02% (or 10.53% of net receipts) to the Oil and Gas Reclamation Fund. This law amends Section 7-30-4 NMSA 1978 to eliminate the rate dependency and increase the tax rate on oil to .24% of taxable value when the average price of west Texas intermediate (WTI) crude in the previous quarter exceeds \$70.00 per barrel. It also amends Section 7-1-6.21 NMSA 1978 to increase the distribution to the Oil and Gas Reclamation Fund to 19.7% of net receipts. This law amends Section 70-2-37 NMSA 1978 to allow donations to the Oil and Gas Reclamation Fund. It also amends Section 70-2-38 NMSA 1978 to allow the Oil Conservation Division (OCD) to make expenditures from the Oil and Gas Reclamation Fund to administer and perform the plugging of abandoned wells that have not been plugged or that have been improperly plugged and for the restoration and remediation of abandoned well sites and associated production facilities that have not been properly restored and remediated. Under previous law, the OCD was authorized to bring suit against the operator or owner of the minerals for all costs incurred in plugging a well only when the well was drilled on federal mineral leases. This legislation removes that restriction. The law further authorizes contractors employed by the OCD to plug a well or restore or remediate a well site or associated production facility to sell the equipment and material or product that is removed and to deduct the proceeds of the sales from costs. This law also removes language requiring that the equipment and material is to be sold for salvage.

## **SPECIAL TAX PROGRAMS**

### **Cigarette Tax Increase and Tribal Tax Credit**

#### **CHAPTER 6 [HB-3]**

**Sponsor: Rep. Gail Chasey**

**Effective Date: July 1, 2010**

This legislation increases the excise tax on cigarettes by \$0.75 per pack (from \$0.91 per pack to \$1.66 per pack). The additional revenue from the tax increase is directed to the General Fund.

The law also revises the cigarette tax exemption for tribal cigarette sales to be predicated on certification by each tribe that it has imposed a “qualifying tribal cigarette tax” of at least \$0.75 per pack.

Using his line-item veto authority Governor Richardson removed distributions of cigarette tax revenue to municipalities and counties, and special distributions in fiscal year 2011 to early childhood programs.

## **MOTOR VEHICLE CODE**

### **Interlock Fund Eligibility**

#### **Chapter 29 [HB-207]**

**Sponsor: Rep. W. Ken Martinez**

**Effective Date: July 1, 2010**

This legislation amends Sections 66-8-102 and 66-8-102.3 NMSA 1978. It provides that an offender who obtains and installs an ignition interlock device prior to conviction must be given credit at sentencing for the time period the ignition interlock device has been in use. It provides that the interlock device fee imposed by Section 66-8-102.3(A) must be collected by the Motor Vehicle Division and deposited in the Interlock Device Fund to cover part of the costs of installing, removing and leasing ignition interlock devices for indigent people.

The law also requires that if money is available in the Fund, the Traffic Safety Bureau (TSB) must pay, for one vehicle per indigent offender, up to \$50 for installation, \$50 for removal and \$30 monthly for verified active usage. Indigence will be determined by the TSB based on proof of enrollment in one or more specified types of public assistance or other criteria approved by the TSB. This law increases from five percent to ten percent the maximum percentage of the Interlock Device Fund that can be expended annually by TSB for the purpose of administering the Fund.

### **Study Antabuse Option on Ignition Interlocks** **[SM-48]**

**Sponsor: Sen. William H. Payne**

**Effective Date: May 19, 2010**

This memorial requests the Administrative Office of the Courts, the Motor Vehicle Division of Taxation and Revenue Department, the Department of Transportation, the Corrections Department and the Department of Public Safety to form a task force to study the feasibility of providing a voluntary disulfiram (Antabuse) alternative to the ignition interlock device requirement. The new task force is to report its findings and recommendations to the appropriate interim legislative committee no later than November, 2010.

### **Disabled-Accessible Parking Changes**

#### **Chapter 74 [SB-209]**

**Sponsor: Rep. Jeff Steinborn**

**Effective Date: July 1, 2010**

This legislation amends Section 28-10-2 NMSA 1978 to provide for training of state and local law enforcement officers in regard to accessible parking for persons with disabilities. It also amends Section 66-1-4.1 NMSA 1978 to mandate that the words “No Parking” be added to the access aisle adjacent to a parking space for persons with disabilities. It also gives further detail on how that access aisle is to be marked. Section 66-3-16 NMSA 1978 is amended to remove language linking the placard to the individual’s driver’s

license or identification card and to provide that a parking placard issued pursuant to that section shall expire four years from the date it was issued instead of upon expiration of the license or ID. Language regarding the marking of designated accessible parking spaces and the penalties for unauthorized use of such spaces is also amended.

**Online and Phone Driver's License Renewal  
Chapter 42 [HB-25] and Chapter 70 [SB-137]**

**Sponsor: Rep. Nathan P. Cote and Sen. Phil A. Griego  
Effective Date: July 1, 2010**

This law amends the Motor Vehicle Code to provide for the renewal of driver's licenses or identification cards by telephonic or electronic means. It also provides for the expiration of driver's licenses 30 days following the holder's 21<sup>st</sup> or 75<sup>th</sup> birthday, for flexibility in the expiration dates of identification cards, and authorizes pro-ration of driver's license fees.

## **OTHER ISSUES**

**Magistrate Courts Operations Fund & Fees  
Chapter 7 [SB-226]**

**Sponsor: Sen. Michael S. Sanchez  
Effective Date: May 19, 2010**

This law creates the Magistrate Courts Operations Fund to provide for the operations of the magistrate and metropolitan courts. The fund is to be dissolved July 1, 2014, and any balances remaining in the fund at that time revert to the General Fund. The money in the fund will come from a new magistrate courts operations fee, which is added to Section 66-8-116.3 NMSA 1978 (Penalty Assessment Misdemeanors – Additional Fees). The fee is \$4.00 and will be collected until May 31, 2014. The law also amends Section 66-8-119 NMSA 1978 to create distributions of fees to the State Treasurer to credit to the Juvenile Adjudication Fund and to the Magistrate Courts Operations Fund.

**Colonias Infrastructure Act and Fund  
Chapter 10 [SB-279]**

**Sponsor: Sen. Timothy Z. Jennings  
Effective Date: July 1, 2011**

This law creates the Colonias Infrastructure Act to ensure adequate financial resources for infrastructure development for colonia recognized communities; provide for the planning and development of infrastructure in an efficient and cost-effective manner; and develop infrastructure projects to improve quality of life and encourage economic development. The legislation creates the Colonias Infrastructure Board, the Colonias Infrastructure Trust Fund and the Colonias Infrastructure Project Fund. On July 1 of each year in which adequate money is available in the Colonias Infrastructure Trust Fund, a \$10,000,000 annual distribution is to be made from the trust fund to the

Colonias Infrastructure Project Fund until the distribution is less than 4.7 percent of the average of the year-end market values of the trust fund for the immediately preceding five calendar years, after which the annual distribution would be 4.7 percent of that average.

This law also creates a new section of the Severance Tax Bonding Act authorizing the State Board of Finance to allocate 5 percent of the estimated bonding capacity annually for qualified colonias infrastructure projects and to issue and sell severance tax bonds, the proceeds of which are appropriated to the Colonias Infrastructure Project Fund for purposes certified by the Colonias Infrastructure Board to the State Board of Finance, beginning with the bonding capacity estimated on January 15, 2012.

**Extend Gas Tax Sharing Agreements  
Chapter 15 [SB-59]**

**Sponsor: Sen. Phil A. Griego  
Effective Date: May 19, 2010**

This legislation amends Section 67-3-8.1 NMSA 1978 relating to the gasoline tax sharing agreements between the Department of Transportation and certain Indian tribes. The law extends the term of such agreements from "up to ten years" to "up to twenty years."

The law also requires a report to be given to the Legislative Finance Committee and the Interim Revenue Stabilization and Tax Policy Committee at the midpoint of the term of any gasoline tax sharing agreement by the Secretary of Transportation and the qualified Tribe.

**Sunshine Portal Transparency Act  
Chapter 34 [SB-195]**

**Sponsor: Sen. Sander Rue  
Effective Date: May 19, 2010**

This law creates the Sunshine Portal Transparency Act, which requires the Department of Information Technology (DoIT) to develop, operate and maintain a single Internet web site (Sunshine Portal) that is free, user-friendly, searchable and accessible to the public. The portal's purpose is governmental transparency and accountability to taxpayers. This law also requires DoIT to promulgate rules necessary to implement the architecture, information exchange process and maintenance of the Sunshine Portal. All state agencies are required to comply with the provisions of this Act and rules promulgated. However, nothing in this Act will require disclosure of information that is confidential by state or federal law.

Information to be posted on the Sunshine Portal includes:

- state cash balances by fund;
- summaries of the State's investment accounts;
- annual operating budgets for each state agency, with monthly expenditures by category;
- contracts with a total value greater than \$20,000,

- naming the recipient and purpose;
- a monthly breakdown of revenue received by the state from taxes, fees, fines or other sources;
- special appropriations, budget adjustment requests, reversions and cash balances by state agency;
- appropriations for capital projects, identified by project location, type and funding source;
- a directory of all employee positions, by state agency, showing each position's title and salary;
- links to New Mexico's statutes, administrative code, open meetings and lobbyist regulation;
- information on contracts entered into by a state agency for any lease, sale or development of state land, in addition to information about contracts of more than \$20,000; and
- an annual summary of the state's fiscal health, including projected revenues.

The portal must be available to the public no later than July 1, 2011.

### **Severance Tax Bond Authorization for Tribal Infrastructure Projects**

#### **Chapter 37 [HB-162]**

**Sponsor: Rep. Ben Lujan**

**Effective Date: July 1, 2011**

This law amends the Severance Tax Bonding Act to give priority to tribal infrastructure projects, along with water projects which already have priority for severance tax bond authorization. The legislation allocates 5 percent of the annual estimated severance tax bonding capacity for tribal infrastructure projects and authorizes the State Board of Finance to issue severance tax bonds for this purpose.

### **Economic Development Tax Incentive Changes Chapter 84 [SB-47]**

**Sponsor: Sen. Timothy M. Keller**

**Effective Date: May 19, 2010**

This legislation establishes guidelines for new economic development tax incentives. New incentives must include in the enabling statute the following minimum provisions:

- a statement of purpose;
- the designation of a responsible agency to establish measurable policy goals, track state expenditures, quantify the state's return on investment and report regularly to the Interim Revenue Stabilization and Tax Policy Committee and the Legislative Finance Committee;
- a requirement that the Economic Development Department (EDD) track job creation;
- specific standards for the taxpayer to qualify for the incentive;

- reporting requirements for the taxpayer;
- a description of financial obligation of the taxpayer if the specific standards are not met; and
- a mandatory review of the incentive no more than every seven years.

The law also requires the EDD to publish an aggregate list of the economic development tax incentives used by each taxpayer annually.

An "economic development tax incentive" means a credit, deduction, rebate, exemption or other tax benefit for the primary purpose of promoting economic development or offering an advantage to a particular industry or type of business to do business in New Mexico.

### **State Agency Credit Card Processing Fees Chapter 64 [SB-77]**

**Sponsor: Sen. Pete Campos**

**Effective Date: May 19, 2010**

This law adds language to Section 6-10-1.2 NMSA 1978 which allows any state agency to accept payment, by credit card or electronic means, of any amount due to the state under any law or program administered by the agency. The legislation allows a state agency or local governing body to charge a convenience fee to cover the exact fees imposed by the financial institution for processing a credit card or electronic transfer transaction. Those costs will be appropriated to the state agency or local governing body to defray the cost of processing the transaction.

### **Distribution Formula for the Small Counties Assistance Fund**

#### **Chapter 7 [SB-10]**

**Sponsors: This bill is a combination of SB-10 (Sen. Carlos R. Cisneros), SB-12 (Sen. Carlos R. Cisneros) and SB-13 (Sen. Gerald Ortiz y Pino)**

**Effective Date: July 1, 2010**

This legislation revises the distribution formula for the Small Counties Assistance Fund.

### **E911 Committee Testimony to the Legislature [SJM-34]**

**Sponsor: Sen. Richard C. Martinez**

**Effective Date: May 19, 2010**

This Senate Joint Memorial requests the local level E911 advisory committee and the state E911 coordinating committee to ensure broad consensus by working with the Taxation and Revenue Department and other agencies not included in the governor's executive orders. The Joint Memorial also asks the committees to report their findings to the Legislature by August 31, 2010.



## OVERVIEW OF GROSS RECEIPTS AND COMPENSATING TAXES

This overview includes a description of gross receipts and compensating taxes; exemptions, deductions and credits available for each tax; how and when to report and pay the taxes; account notices issued by the department; and, finally, responses to common questions asked by CRS taxpayers. "CRS" is the Taxation and Revenue Department's Combined Reporting System. Using the Combined Reporting System you can report one or more of the following taxes:

1. Gross Receipts Tax (includes municipal and county taxes)
2. Compensating Tax
3. Withholding Tax\*
4. Governmental Gross Receipts Tax
5. Interstate Telecommunications Gross Receipts Tax
6. Leased Vehicle Gross Receipts Tax
7. Leased Vehicle Surcharge
8. Tribal Taxes.

\*A description of withholding tax is included in the withholding tax table section of the CRS-1 Filer's Kit.

The form used to report these taxes is the CRS-1 Form. A supply of these forms is enclosed in the CRS-1 Filer's Kit. The kit is mailed out every six months in June and December and contains a six-month supply of CRS-1 Forms, current gross receipts tax rates, withholding tax tables, and frequently requested CRS-related forms.

This information is a general explanation of the gross receipts, compensating and withholding tax laws and is presented as a service to taxpayers. Because these instructions are intended to provide general guidance and do not address all specific circumstances, they are not binding on the department. If you have any questions regarding your particular situation, please contact one of the department's district tax offices or the Santa Fe headquarters.

Statutory citations in this publication are to the New Mexico Statutes Annotated (NMSA 1978). The Gross Receipts and Compensating Tax Act is compiled as Sections 7-9-1 through 7-9-112 NMSA 1978.

### GOVERNMENTAL GROSS RECEIPTS TAX

A governmental gross receipts tax of 5% is imposed on the receipts of New Mexico state and local governments (except public school districts and hospitals) from:

1. The sale of tangible personal property, other than water, from facilities open to the general public;
2. The performance of or admissions to recreational, athletic or entertainment services or events in facilities open to the general public;
3. Refuse collection, refuse disposal or both;
4. Sewage services;
5. The sale of water by a utility owned or operated by a county,

municipality or other political subdivision of the state; and

6. The renting of parking, docking or tie-down spaces or the granting of permission to park vehicles, tie-down aircraft or dock boats (7-9-4.3).

For governmental gross receipts purposes a "facility open to the general public" DOES NOT include point-of-sale registers or electronic devices at a bookstore owned or operated by a public post-secondary educational institution when the registers or devices are utilized in the sale of textbooks or other materials required for courses at the institution to a student enrolled at the institution who displays a valid student identification card.

### Exemptions from Governmental Gross Receipts Tax

Receipts subject to one of the following taxes are exempt from governmental gross receipts tax: gross receipts tax; compensating tax; motor vehicle excise tax; gasoline tax; special fuel supplier's tax; the oil and gas emergency school, severance, conservation and ad valorem taxes; resources tax; processors tax; service tax; event center surcharge (7-9-13.5); stadium surcharge (7-9-13.3); athletic facility surcharge (7-9-41.1) or the boat excise tax (7-9-13.2). In addition, receipts from the sale of livestock or unprocessed agricultural products are exempt (7-9-18).

### Deductions from Governmental Gross Receipts Tax

Deductions that can be claimed under governmental gross receipts are:

1. Receipts from selling tangible personal property to manufacturers (7-9-46).
2. Receipts from sales of tangible personal property (including prosthetic devices) for resale (7-9-47, 7-9-73).
3. Receipts from selling tangible personal property to a U.S. or New Mexico governmental entity or to the governing body of an Indian nation, tribe or pueblo for use on the reservation (7-9-54).
4. Receipts from selling tangible personal property to 501(c)(3) organizations (7-9-60).
5. Receipts from sale of services for resale (7-9-48).
6. Receipts from sales in interstate commerce (7-9-55).
7. Refunds and uncollectible debts (7-9-67).
8. Receipts from the sale of prescription drugs and oxygen (7-9-73.2).

For further information on these deductions see Deductions from Gross Receipts Tax on pages 7 through 14.

Although the governmental gross receipts tax is included in the Gross Receipts and Compensating Tax Act and reportable in the same fashion as gross receipts and compensating taxes, it is an entirely separate tax. The location code used by government agencies for reporting purposes is 55-055.



## **LEASED VEHICLE GROSS RECEIPTS TAX AND LEASED VEHICLE SURCHARGE**

In addition to gross receipts tax, a leased vehicle gross receipts tax of 5% is imposed on the receipts of a lessor of automobiles when:

1. The lease is for a term of six months or less;
2. The automobile is part of a fleet of five or more leased vehicles;
3. The vehicle is a passenger automobile that will accommodate six or fewer adults, and
4. The lessor acquired the automobile on or after July 1, 1991.

A \$2-per-day leased vehicle surcharge is also imposed except when the vehicle is leased to a person who signs a statement that the vehicle is being rented to temporarily replace a vehicle that is being repaired, serviced or replaced. Report the regular gross receipts tax, the leased vehicle gross receipts tax and the leased vehicle surcharge on the CRS-1 Form. The location code for leased vehicle gross receipts tax is 44-444, and the location code for the leased vehicle surcharge is 44-455.

### **TRIBAL TAXES**

The Taxation and Revenue Department has entered into agreements with the Pueblos of Santa Clara, Santa Ana, Nambe, Laguna, Sandia, Pojoaque, Cochiti, Kewa, Ohkay Owingeh, Taos and Picuris, and the Jicarilla Apache Nation to collect a tax imposed by these tribes. The Taxation and Revenue Department has also entered into a cooperative agreement with the Albuquerque Indian School Governing Board. The agreements also provide for mutual credits to the total tax when both the state (including local option taxes) and tribal taxes imposed on a taxpayer do not exceed the amount that either imposes individually.

The department is authorized to enter into similar agreements with all nineteen New Mexico Pueblos and the Mescalero Apache Tribe.

### **GROSS RECEIPTS TAX**

#### **What is Gross Receipts?**

“Gross receipts” means the total amount of money or other consideration received from selling property in New Mexico, leasing or licensing property employed in New Mexico, granting the right to use a franchise employed in New Mexico, performing services in New Mexico or selling research and development services performed outside New Mexico the product of which is initially used in New Mexico. Gross receipts includes receipts from:

1. Sales of tangible personal property handled on consignment;
2. Commissions received;
3. Amounts paid by members of any cooperative association;

4. Amounts received by persons providing telephone or telegraph services;
5. Fees received by persons for serving as disclosed agents for another;
6. Amounts received by a New Mexico florist from the sale of flowers, plants, etc., that are filled and delivered outside New Mexico by an out-of-state florist, and
7. Providing intrastate mobile telecommunications services (i.e., the services originate and terminate in the same state) to customers whose place of primary use is in New Mexico.

Gross receipts DOES NOT include:

1. Gross receipts tax, governmental gross receipts tax, leased vehicle gross receipts tax, interstate telecommunications gross receipts tax and local option taxes.  
◆ Example: When the seller passes on tax to the buyer, the seller should back out that tax from the total income to arrive at “Gross Receipts,” the amount reported in Column D of the CRS-1 Form. (See example of backing out tax on page 23.)
2. Cash discounts allowed and taken.  
◆ Example: When a seller offers 2% off for paying cash or for paying within a certain time frame and the buyer takes advantage of the offer, the gross receipts amount is the amount actually received (sales price less 2%). However, manufacturers’ coupons redeemable by the seller, i.e. a grocery store, are not cash discounts allowed and taken since the seller will be reimbursed for the face value of the coupon. Gross receipts includes cash received plus the value of the coupon.
3. Gross receipts or sales tax imposed by an Indian nation, tribe or pueblo if the Indian nation, tribe or pueblo has a similar exclusion for New Mexico gross receipts tax.
4. Any type of time-price differential (i.e., interest).
5. Amounts received solely on behalf of another in a disclosed agency capacity.
6. Amounts received by a New Mexico florist from the sale of flowers, plants, etc., where the sale is made pursuant to orders placed with an out-of-state florist for filling and delivery in New Mexico by a New Mexico florist.

#### **What is the Gross Receipts Tax?**

The gross receipts tax is a tax on persons engaged in business in New Mexico for the privilege of doing business in New Mexico. The tax is imposed on the gross receipts of persons who:

1. Sell property in New Mexico;  
◆ Property includes real property; tangible personal property, including electricity and manufactured homes, licenses (other than the licenses of copyrights, trademarks or patents and franchises).
2. Perform services in New Mexico;

◆ Service includes construction activities and all construction materials that will become part of the construction project.

3. Lease or license property employed in New Mexico;
4. Grant a right to use a franchise employed in New Mexico, and
5. Sell research and development services performed outside New Mexico when the product of the service is initially used in New Mexico.

### **What is the Gross Receipts Tax Rate and How is it Determined?**

The gross receipts tax rate varies throughout the state from 5.125% to 8.6875%. The total rate is a combination of the rates imposed by:

1. The state,
2. The counties, and
3. The municipalities.

The total gross receipts tax is paid to the state. The state keeps its portion and distributes the counties' and municipalities' portions to them.

The state's portion of the gross receipts tax, which is also the largest portion of the tax, is determined by state law. Changes occur no more than once a year, usually in July.

The counties' portion of gross receipts tax is determined by the county commissions. These increments can go into effect in January and July of every year.

Municipal councils determine the municipalities' portion of gross receipts tax. Like the counties, changes can go into effect in January and July of every year.

Because the combined gross receipts tax rate can change effective January and July of every year, we issue a new tax rate schedule twice a year and include it in the CRS-1 Filer's Kit. You can also view the tax rate schedule online: [www.tax.state.nm.us/](http://www.tax.state.nm.us/). Always check the gross receipts tax rate schedule to see if the rate for your business location(s) has changed. Due to the frequency of tax rate changes, the department does not send out separate notices of those changes.

### **Business Location Determines Tax Rate**

Generally, the gross receipts tax rate is based on the business location of the seller or lessor, NOT on the location of the buyer or lessee. If your business is located in Albuquerque and you deliver or lease to someone in Santa Fe, you are liable for tax at the Albuquerque rate.

For reporting purposes, business locations are broken down by county and municipality on the tax rate schedule. Here are some guidelines for determining your business location:

1. If you are in the construction business, your tax rate is determined by the location of each construction project.
2. If you are in the business of selling real estate, your business location is the location of each property sold.
3. If you are a utility, your tax rate is determined by the location of the meter used to record the amount of service consumed by the customer or the location of telephone set. For cellular service it is the location of the customer's place of primary use.
4. If you are located in a municipality within a county, your rate is that of the municipality.
5. If you are outside any incorporated municipality, your rate is that of the county.
6. If you have more than one store within one municipality or county, i.e., three stores in Las Cruces, you have only one business location (Las Cruces) for reporting purposes.
7. If you have no business location in New Mexico but you have a resident salesperson, your business location is the location of the salesperson.
8. If you have no business location or resident salesperson but are liable for gross receipts tax (for instance, because you lease property used in New Mexico or perform a non-construction service in New Mexico), you are liable for tax at the rate for out-of-state businesses, the state gross receipts tax rate of 5.125%. Use the out-of-state business location code, 88-888.
9. If you have multiple business locations under one identification number, you should report the receipts for each location separately on a single CRS-1 Form and be sure the tax rate matches the location by checking the gross receipts tax rate schedule.
10. If you are a craftsperson who sells at craft fairs where you rent a booth, because you can be expected to be found at the booth for the duration of the fair, that booth is a business location and your tax rate is based on the location of the crafts fair.
11. If you are located outside New Mexico and sell research and development services the product of which is initially used in New Mexico, use the state rate, 5.125%. Use the special business location code of 77-777 for those transactions only.
12. In some counties, more than one location code exists for that part of the county outside all municipalities. Examples: State Fairgrounds in Bernalillo County, Santa Clara Pueblo in Rio Arriba and Santa Fe Counties and Taos Airport in Taos County. Use the codes for these specific areas when your location is in one of them.
13. If you transact business with tribal non-members on tribal territory, use the tribal location of the sale or delivery rather than your principal business location if that tribe or pueblo has entered into a cooperative agreement with New Mexico. Evidence that a tribe or pueblo has entered into a cooperative agreement is a separate location listing on the *Gross Receipts Tax Rate Schedule*.

## **Determining Taxability of Gross Receipts**

Gross receipts are either taxable, exempt or deductible. If your receipts do not fall under any exemption or deduction, those receipts are taxable. The exemptions and deductions from gross receipts tax that follow are grouped in categories, i.e., agriculture, construction, governmental entity, for convenient reference. Where helpful we have included an example of the application of the exemption or deduction, and in cases where an exception to qualifying for the exemption or deduction exists, we have included the exception. Please refer to the Gross Receipts and Compensating Tax Act regulations for specifics on exemptions and deductions from gross receipts tax.

### **Exemptions from Gross Receipts Tax**

#### **What Is an Exemption?**

Exemptions from gross receipts tax are receipts which are not taxable and do not have to be reported. Therefore, if all your receipts are exempt, you do not have to register with the department for gross receipts tax purposes (you may have to register for withholding tax or to obtain nontaxable transaction certificates, though) nor do you have to report those receipts on the CRS-1 Form. However, if you have exempt, deductible and taxable receipts, you should register and report only the deductible and taxable receipts on the CRS-1 Form. For administrative purposes, receipts on which no state tax may be imposed because of federal preemption are considered exempt.

#### **Federal Preemption**

In some cases, federal law bars New Mexico from imposing its tax on transactions which, absent the preemption, would be subject to tax. For example, federal law prohibits the application of state and local gross receipts tax on many transactions with Indian nations, tribes or pueblos or their agencies or members if the transaction takes place on the tribe's territory. Receipts from transactions with non-members, even when on a tribe's territory, are not preempted. If you are uncertain whether preemption applies to your transaction(s), contact the department.

◆ NOTE: This preemption does not apply to taxes imposed by an Indian nation, tribe or pueblo.

New Mexico is also pre-empted from imposing:

1. Gross receipts tax on receipts of Job Corps contractors from operating any Job Corps center, program or activity;
2. Local option gross receipts taxes on receipts of a provider of direct satellite service from providing direct satellite service, and
3. Gross receipts tax on receipts of federal and state credit unions.

#### **List of Exemptions**

The following receipts are exempt from the gross receipts tax:

## **Agricultural Exemptions**

1. Receipts from selling livestock or horses and the receipts of growers, producers and trappers from selling live poultry, unprocessed agricultural products (i.e., a bale of hay, a head of lettuce, an unroasted sack of green chile), hides or pelts (7-9-18).

◆ Exception: receipts from selling dairy products at retail are not exempt.

◆ NOTE: this exemption also applies to governmental gross receipts tax.

2. Receipts of persons from feeding or pasturing livestock (7-9-19).

◆ Example: penning, handling or training livestock.

## **Disabled Street Vendor Exemption**

Receipts of disabled street vendors from the sale of goods (7-9-41.3).

## **Food Stamp Exemption**

Receipts of retailers from the redemption of food stamps (7-9-18.1).

## **Governmental Entity Exemptions**

1. Receipts of the federal government, State of New Mexico, or any Indian nation, tribe or pueblo from activities or transactions occurring on its sovereign territory, or any agency or political subdivision of the foregoing, e.g., New Mexico cities, counties and public schools. Receipts of any foreign nation are exempt when exemption is required by treaty to which the United States is a party (7-9-13).

◆ Exception: receipts of political subdivisions of the state from owning or operating a gas or electric utility or a municipal cable television system are not exempt.

◆ NOTE: certain receipts of the state and its subdivisions may be subject to governmental gross receipts tax (see page 1).

2. Receipts of instrumentalities of the armed forces of the United States (7-9-31).

◆ Example: receipts of base exchanges or post exchanges.

◆ Exception: receipts of a concessionaire operating on a military base or federal area are not exempt.

3. Sales to Indian nations, tribes, or pueblos, or to their members, are exempt if the transaction takes place on the tribe's territory (see "Federal Preemption" on this page).

## **Insurance Company and Bail Bondsman Exemption**

Receipts of insurance companies or their agents from premiums and receipts of property bondsmen from security for a bail bond (7-9-24).

## **Interest and Dividend Exemption**

Interest on money loaned or deposited; dividends or interest from stocks, bonds or securities; and receipts from the sale of stocks, bonds or securities (7-9-25).

### **Interstate Telecommunications Services Exemption**

Receipts from selling or providing interstate telecommunications services (7-9-38.1).

◆ NOTE: these services are subject to the interstate telecommunications gross receipts tax.

### **Isolated or Occasional Sale Exemption**

Receipts from the isolated or occasional sale or leasing of property or service by a person who is not in the business of selling or leasing the same or similar property or service (7-9-28).

### **Mobile Telecommunications Services Exemption**

Receipts of a home service provider from providing mobile telecommunications services to persons whose place of primary use is outside New Mexico, regardless of where the mobile telecommunications services originate, terminate or pass through (7-9-38.2).

### **Municipal Event Center Exemption**

Receipts from selling tickets, parking, souvenirs, concessions, programs, advertising, merchandise, corporate suites or boxes, broadcast revenues and all other products or services sold at or related to a municipal event center or related to activities occurring at the event center on which an event center surcharge is imposed pursuant to the Municipal Event Center Funding Act (7-9-13.5).

### **Nonprofit Organization Exemptions**

1. Receipts of nonprofit entities from operating facilities designed and used for providing accommodations for retired elderly persons (7-9-16).

2. Receipts of 501(c)(3) organizations and receipts of 501(c)(6) organizations from conducting chamber of commerce, visitor bureau and convention bureau activities (7-9-29).

◆ Exception: receipts from an unrelated trade or business are taxable.

3. Receipts from dues and registration fees of nonprofit social, fraternal, political, trade, labor or professional organizations and business leagues (7-9-39).

◆ NOTE: 501(c)(4) civic leagues, civic organizations and social welfare organizations are social organizations and included in this exemption.

4. Receipts of a minister of a 501(c)(3) religious organization from performing religious services (7-9-41).

5. Receipts of homeowners' associations from membership fees, dues and assessments from owner-members to be used for tax, insurance and maintenance expenses for commonly owned areas and facilities (7-9-20).

### **Oil, Natural Gas and Mineral Exemptions**

1. Oil, natural gas or liquid hydrocarbons subject to the Oil and Gas Emergency School Tax Act that are sold for resale, for consumption outside New Mexico or for use as an ingredient or component part of a manufactured product (7-9-33).

2. Natural gas or liquid hydrocarbons subject to the Natural Gas Processors Tax Act that are sold for resale, for consumption outside New Mexico or for use as an ingredient or component part of a manufactured product (7-9-34).

3. Natural resources subject to the Resources Excise Tax Act that are sold for resale or for use as an ingredient or component part of a manufactured product (7-9-35).

4. Receipts from the sale or lease of oil, natural gas or mineral interests (7-9-32).

5. Receipts from the sale of oil, natural gas or liquid hydrocarbons consumed as fuel in the pipeline transportation of such products (7-9-36).

### **Out-of-State Services Exemption**

Receipts from services performed outside the state when the product of the service is initially used in New Mexico (7-9-13.1).

◆ Exception: receipts from performing a research and development service are not exempt unless the service is: sold between affiliated corporations; sold to the United States government by operators of national laboratories (other than 501(c)(3) organizations); or sold to persons (other than 501(c)(3) organizations) operating national laboratories.

### **Racetrack Exemption**

Receipts of horsemen, jockeys and trainers from race purses at New Mexico horse racetracks and receipts of racetracks from gross amounts wagered (7-9-40).

### **School Event Service Exemption**

Receipts from refereeing, umpiring, scoring or other officiating at school events sanctioned by the New Mexico Activities Association (7-9-41.4).

### **Stadium Exemption**

Receipts from selling tickets, parking, souvenirs, concessions, programs, advertising merchandise, corporate suites or boxes, broadcast revenues and all other products, services or activities sold at, related to or occurring at a minor league baseball stadium on which a stadium surcharge is imposed under the Minor League Baseball Stadium Funding Act (7-9-13.3).

### **Textbook Exemption**

Receipts of certain bookstores from selling textbooks and other materials required for courses at a public post-secondary educational institution to a student enrolled at the institution (7-9-13.4).



- ◆ Requirement: bookstore must be located on the campus of the institution and operated by contract with the institution.
- ◆ Requirement: the student must present a valid student identification card.

### **Vehicle, Boat and Fuel Exemption**

1. Receipts from selling vehicles subject to the motor vehicle excise tax and vehicles exempt from the motor vehicle excise tax pursuant to Section 7-14-6 NMSA 1978 (7-9-22).
  - ◆ Exception: the sale of manufactured homes is subject to tax.
2. Receipts from selling boats subject to the boat excise tax (7-9-22.1).
3. Receipts from sales of gasoline, special fuel or alternative fuel on which the gasoline, special fuel excise or alternative fuel excise tax has been paid and not refunded (7-9-26).
4. Receipts from selling fuel, oxidizer or a substance that combines fuel and oxidizer to propel space vehicles or to operate space vehicle launchers (7-9-26.1).
5. Receipts from selling fuel to a common carrier to be loaded or used in a locomotive engine (7-9-110).
  - ◆ NOTE: This exemption was to become effective July 1, 2010, if the Economic Development Department would have certified to the Taxation and Revenue Department by January 1, 2010, that construction of a railroad locomotive refueling facility project has commenced. Such a certification was never received by the Taxation and Revenue Department; as a result this exemption is not currently available.

### **Wage Exemption**

Receipts of employees from wages and salaries (7-9-17).

- ◆ NOTE: commissions received as an employee are also exempt.

## **Deductions from Gross Receipts Tax**

### **What Is a Deduction?**

A deduction from gross receipts, like an exemption, results in an amount not subject to tax. However, unlike an exemption, YOU MUST REPORT ON THE CRS-1 FORM BOTH THE GROSS RECEIPTS RECEIVED (in Column D) AND THE AMOUNT OF DEDUCTIONS YOU ARE ELIGIBLE TO CLAIM AGAINST THOSE GROSS RECEIPTS (in Column E).

### **Substantiation Required to Support a Deduction**

The Department requires taxpayers to retain substantiation in their records when claiming a deduction from gross receipts. That substantiation can be one of the following, depending on the deduction being claimed:

1. Nontaxable transaction certificate (see description on this page).

2. Farmer or rancher statement - a signed statement from a farmer or rancher declaring that the person is regularly engaged in the business of farming or ranching (used for agricultural deductions under 7-9-58, 7-9-62 and 7-9-109).

3. Jewelry manufacturer statement - a written statement declaring the purchaser is engaged in the business of manufacturing jewelry and will use the property purchased in manufacturing jewelry (used only for jewelry manufacturing deduction under 7-9-74).

4. Out-of-state buyer certificate, Type NTTC-OSB (see description on page 7).

5. Border state certificate, Type BSC (see description on page 7).

6. Multijurisdiction uniform sales and use tax certificate, Type MTC (see description on page 7).

7. Solar energy deduction written statement - a written statement declaring the equipment or services purchased are for the exclusive use in the installation or operation of a solar energy system (use only for solar energy systems deduction; 7-9-112).

8. Other documents including invoices, purchase orders, contracts, etc. but only when an NTTC is not required. These documents cannot be used in place of NTTCs.

### **Nontaxable Transaction Certificate (NTTC)**

The NTTC is the only acceptable substantiation for certain deductions. The buyer obtains an NTTC from the Department to give to a seller. The NTTC entitles the seller to deduct those receipts when determining taxable gross receipts. In practice, this means the buyer is able to purchase goods and services free of the gross receipts tax that is usually passed on to the buyer. The seller must accept an NTTC in "good faith", reasonably confident that the buyer issuing the NTTC will use the property or service in the manner stated on the NTTC. The seller needs only ONE NTTC from each buyer to cover all transactions OF THE SAME TYPE with that buyer.

All taxpayers who wish to execute NTTCs are required to: 1) register with the Taxation and Revenue Department, and 2) complete the Application for Nontaxable Transaction Certificates or apply on-line. The Department may refuse to issue NTTCs to delinquent taxpayers until the delinquency is cleared. The taxpayer may request additional NTTCs online at:

<http://ec3.state.nm.us/nttcnet/tplogon.aspx>

Starting January 1, 2004, the number of types of NTTCs were consolidated as follows:

- The Type 2 NTTC is good for transactions formerly requiring a Type 1, 2, 3 or 4 NTTC.
- The Type 5 NTTC is good for transactions formerly requiring a Type 5, 8 or 13 NTTC.
- The Type 6 NTTC is good for transactions formerly requiring a Type 6 or 7 NTTC.

- The Type 9 NTTC is good for transactions formerly requiring a Type 9 or 14 NTTC.
- The Type 15 NTTC remains as is.
- The Type 16 is good for transactions formerly requiring a Type 16 or Type D NTTC.
- The Type NTTC-OSB remains as is.

The Department stopped issuing Type 1, 3, 4, 7, 8, 13, 14 or Type D NTTCs as of January 1, 2004. The Department will continue to recognize those NTTC types in audit situations when the seller has accepted the NTTCs in good faith, with reasonable confidence that the buyer executing the NTTC will use the property or service in the manner stated on the NTTC.

For more information on the use of NTTCs, please request FYI-204: Nontaxable Transaction Certificates on-line at [http://www.tax.state.nm.us/trd\\_pubs.htm](http://www.tax.state.nm.us/trd_pubs.htm) or request it from your local district tax office.

### **Type NTTC-OSB**

Unlike other NTTCs, which are obtained from the department by the buyer, the Type NTTC-OSB must be obtained by the seller. The New Mexico seller completes the Application for Nontaxable Transaction Certificates and the seller then provides the NTTC-OSBs to their out-of-state customers who:

- 1) are purchasing tangible personal property either for resale or for use as an ingredient or component part of a manufactured product, or
- 2) are purchasing a manufacturing service to be performed directly upon tangible personal property the purchaser is in the business of manufacturing, or ingredient or component parts thereof.

The buyer must provide all the required information on an NTTC-OSB and give it to the New Mexico seller who will keep it on file along with all other NTTCs the seller receives. The documentation requirements for accepting NTTC-OSBs should be carefully observed. See Out-of-State Buyer Deduction on page 12 for those requirements.

### **Border State Certificate**

New Mexico sellers may accept the Border State Certificate (BSC) from out-of-state buyers from Arizona, California, Oklahoma, Texas, Utah and the United States of Mexico not required to register in New Mexico who:

- 1) wish to buy goods for resale or incorporation as ingredients or components of a manufactured product, or
  - 2) wish to buy a manufacturing service that will be performed on a manufactured product or ingredient or component part thereof, and
  - 3) will transport the tangible personal property across state or national boundaries.
- ◆ NOTE: BSCs are not issued by New Mexico.

### **Multijurisdiction Uniform Sales and Use Tax Certificate**

New Mexico sellers may accept the Multijurisdiction Uniform Sales and Use Tax Certificate (MTC) from out-of-state buyers not required to register in New Mexico who:

- 1) wish to buy goods for resale or incorporation as ingredients or components of a manufactured product, or
- 2) wish to buy a manufacturing service that will be performed on a manufactured product or ingredient or component part thereof.

◆ NOTE: MTCs are not issued by New Mexico.

### **List of Deductions**

A list of deductions from gross receipts is presented below along with any special requirements for claiming the deduction and specific documentation required to support the deduction (e.g. an NTTC). If your receipts do not fall under one of the deductible categories, you do not have any deductions from gross receipts. BUSINESS EXPENSES (that is, telephone and electric bills, supply purchases, etc.) ARE NOT DEDUCTIBLE FOR GROSS RECEIPTS TAX PURPOSES.

#### **Advanced Energy Deduction**

Receipts from selling tangible personal property or services that are eligible generation plant costs to a person that holds an interest in a qualified generating facility.

◆ Requirement: the holder of the interest in a qualified generating facility must execute a Type 10 NTTC to the seller, which requires a certificate of eligibility from the Department of Environment.

◆ Requirement: a taxpayer claiming this deduction must report the deduction on form RPD-41349 *Advanced Energy Deduction* as well as on the CRS-1 Form.

◆ NOTE: this deduction is only available for a ten-year period from the year development of the qualified generating facility begins and expenditures are made.

◆ NOTE: this deduction cannot be claimed for the same qualified expenses for which the taxpayer claims a credit under Sections 7-2-18.25, 7-2A-25 or 7-9G-2 NMSA 1978 or a deduction under Section 7-9-54.3 NMSA 1978.

#### **Agricultural Deductions**

1. Receipts from selling feed for livestock (including the bailing wire or twine used to contain the feed), fish raised for human consumption, poultry or for animals raised for their hides or pelts, seeds, roots, bulbs, plants, soil conditioners, fertilizers, insecticides, germicides, insects used to control populations of other insects, fungicides or weedicides or water for irrigation to persons engaged in the business of farming or ranching and receipts of auctioneers from selling livestock or other agricultural products at auction (7-9-58).

◆ Requirement: farmer or rancher statement (not required for auctioneers).

◆ NOTE: includes feed for all horses.

2. Receipts from warehousing grain or other agricultural products and receipts from threshing, cleaning, growing, cultivating or harvesting agricultural products including the ginning of cotton, testing and transporting milk for the producer or nonprofit marketing association from the farm to a milk processing or dairy product manufacturing plant or processing for growers, producers or nonprofit marketing associations of other agricultural products raised for food and fiber, including livestock (7-9-59).

3. 50% of receipts from selling agricultural implements, farm tractors, or vehicles not required to be registered under the Motor Vehicle Code. The 50% deduction for receipts from sales of agricultural implements may be taken only on sales to persons engaged in the business of farming or ranching. An "agricultural implement" is defined as a tool, utensil or instrument that is subject to depreciation for federal income tax purposes and that is:

a) designed to irrigate agricultural crops above ground or below ground at the place where the crop is grown, or

b) designed primarily for use with a source of motive power to produce agricultural products, including poultry, livestock and food or fiber from poultry or livestock (7-9-62).

4. Receipts from sales of veterinary medical services, medicine or medical supplies used in the medical treatment of cattle if the sale is made to one of the following:

a) a person who is regularly engaged in the business of ranching or farming, including dairy farmers, or

b) a veterinarian who holds a valid license pursuant to the Veterinary Practice Act and who is providing veterinary medical services, medicine or medical supplies in the treatment of cattle owned by a person engaged in the ranching or farming business (7-9-109).

◆ Requirement: farmer or rancher statement.

### **Aircraft Deductions**

1. 50% of the receipts from selling aircraft (7-9-62).

◆ Requirement: trade-in deduction (7-9-71) must be taken before calculating this deduction.

2. Receipts of an aircraft manufacturer from selling:

a) aircraft or aircraft parts;

b) services performed on aircraft or aircraft components, and

c) aircraft flight support, pilot training or maintenance training services (7-9-62).

◆ Requirement: trade-in deduction (7-9-71) must be taken before calculating this deduction.

3. Receipts from maintaining, refurbishing, remodeling or otherwise modifying a commercial or military carrier over 10,000 gross landing weight (7-9-62.1).

4. From July 1, 2003, through June 30, 2012, 55% of the receipts from selling jet fuel for use in turboprop or jet engines. After June 30, 2012, 40% of the receipts from selling jet fuel for use in turboprop or jet engines (7-9-83).

### **Border Trade-Support Deduction**

Receipts of a trade-support company located in New Mexico

within twenty miles of a port of entry on New Mexico's border with Mexico that are received within a five-year period beginning on the date the trade-support company locates in New Mexico (7-9-56.3).

◆ Requirement: trade-support company must locate to New Mexico after July 1, 2003, but before July 1, 2013.

◆ Requirement: the receipts must be received by the trade-support company within a five-year period beginning on the date the company locates in New Mexico and they must be derived from its business activities and operations at its border-zone location.

◆ Requirement: the trade-support company must employ at least two employees in New Mexico.

### **Boxing, Wrestling and Martial Arts**

Receipts from producing or staging professional boxing, wrestling or martial arts contests that occur in New Mexico (7-9-107).

### **Commission Deductions**

1. Receipts from commissions on sales of tangible personal property when the property sold is not subject to gross receipts tax and commissions of the owner of a dealer store for selling a principal's goods (7-9-66).

◆ NOTE: includes sales that are either exempt or deductible.

◆ Exception: commissions on sales or leases of real property or intangible property (i.e., stocks, bonds, licenses, tickets, or the lease of tangible property) are taxable.

2. Receipt of real estate commissions from the sale of real property which is subject to the gross receipts tax (i.e., new construction) (7-9-66.1).

◆ Exception: commissions associated with the sale of land, since those receipts are not subject to the gross receipts tax, may not be deducted.

3. Travel agents' commissions paid by maritime transportation companies, and interstate airlines, railroads and passenger buses for booking, referral, reservation or ticket services (7-9-76).

4. Receipts of lottery ticket retailers from commissions received on lottery ticket sales (7-9-87).

### **Construction Deductions**

1. Receipts from the sale of tangible personal property to a person in the construction business (7-9-51).

◆ Requirement: the tangible personal property by design and intent must become part of a construction project (so that while receipts from the sale of nails are deductible, those from selling a hammer are not).

◆ Requirement: upon its completion the construction project must be subject to the gross receipts tax.

◆ NOTE: Construction materials sold to a contractor for use in a construction project on the tribal territory of an Indian nation, tribe or pueblo are deductible.

◆ NOTE: A contractor who is an accrual-basis taxpayer must pay the gross receipts tax on progress payments as they are

received.

- ◆ Requirement: Type 6 NTTC.

2. Receipts from the sale of subcontracting services to a person in the construction business (7-9-52).

- ◆ Exception: indirect services, such as accounting, architectural, engineering, drafting, bid depository services and plan room services are not construction services.

- ◆ Requirement: upon its completion the construction project must be subject to the gross receipts tax.

- ◆ NOTE: Construction services sold to a contractor for use in a construction project on the tribal territory of an Indian nation, tribe or pueblo are deductible.

- ◆ Requirement: Type 6 NTTC.

3. Receipts from sales of engineering, architectural and construction services to a foundation or nonprofit organization for use in the new facility construction of a sole community provider hospital located in a federally designated health professional shortage area (7-9-99).

- ◆ Requirement: The deduction may only be taken if the foundation or nonprofit organization has made a written agreement with a county to pay at least 95 percent of the new facility construction costs and executes an appropriate nontaxable transaction certificate (Type 5 NTTC for engineering and architectural services and a Type 6 for construction services) or delivers evidence that such a written agreement has been made.

4. Receipts from sales of construction equipment or construction materials to a foundation or nonprofit organization for use in the new facility construction of a sole community provider hospital located in a federally designated health professional shortage area (7-9-100).

- ◆ Requirement: The deduction may only be taken if the foundation or nonprofit organization has made a written agreement with a county to pay at least 95 percent of the construction costs and executes an appropriate nontaxable transaction certificate (Type 2 NTTC for construction equipment and a Type 6 NTTC for the construction materials) or delivers evidence that such a written agreement has been made.

5. Receipts from military construction services provided at New Mexico military installations to implement Special Operations Mission Transitions Projects pursuant to contracts entered into with the U.S. Department of Defense (7-9-106).

- ◆ Requirement: the military installation must be located in Curry County.

- ◆ Requirement: this deduction would apply to reporting periods from July 1, 2007, through December 31, 2010.

6. Receipts from the sale of construction materials to a 501(c)(3) organization organized for the purpose of providing homeownership opportunities to low-income families (7-9-60).

- ◆ Requirement: Type 9 NTTC.

#### **Credit Union Deduction (Sale to)**

1. Receipts from selling tangible personal property to federally chartered credit unions.

- ◆ Requirement: Type 9 NTTC or other proof.

2. Receipts from selling tangible personal property to state-chartered credit unions (7-9-61.2).

- ◆ Requirement: Type 9 NTTC or other proof.

- ◆ NOTE: this deduction can also be taken from governmental gross receipts tax.

#### **Electrical Transmission and Storage Facility Deductions**

1. Receipts from selling equipment to the New Mexico Renewable Energy Transmission Authority or an agent or lessee of the authority (7-9-101).

- ◆ Requirement: the equipment must be installed as part of an electric transmission facility or an interconnected storage facility.

2. Receipts from providing services to the New Mexico Renewable Energy Transmission Authority or an agent or lessee of the authority. Qualified services include: planning, installation, repair, maintenance or operation of an electric transmission facility or an interconnected storage facility (7-9-103).

#### **Film Lease Deduction**

Receipts from leasing theatrical and television films and tapes to movie theaters or similar facilities when the theater's receipts are subject to gross receipts tax (7-9-76.2).

#### **Filmmaker Deduction (Sale to)**

Receipts from selling or leasing property and from performing services that qualify as production costs of qualified production companies (7-9-86).

- ◆ Requirement: buyer must submit proof of registration as a qualified production company with the New Mexico film division of the economic development department.

- ◆ Requirement: Type 16 NTTC.

- ◆ NOTE: This deduction is not available to film production companies taking the film production tax credit. For more information on the film production tax credit, request publication FYI-106 from your local district office or from our website: [www.tax.state.nm.us/](http://www.tax.state.nm.us/).

#### **Food Deduction**

Receipts from qualifying food sales at retail food stores as defined under the federal food stamp program (7-9-92).

- ◆ Exception: sales of alcoholic beverages, tobacco and prepared hot foods for immediate consumption are not deductible.

- ◆ NOTE: special reporting is required for this deduction, see instructions for completing the CRS-1 Form in this kit.

#### **Governmental Entity Deduction (Sale to)**

1. Receipts from selling tangible personal property to a U.S. or New Mexico governmental entity or the governing body of an Indian nation, tribe or pueblo for use on an Indian reservation or pueblo grant (7-9-54).

- ◆ Exception: does not include materials sold to a U.S. or



New Mexico governmental entity that will be incorporated into a construction project.

◆ NOTE: When a seller in good faith deducts receipts from the sale of construction material to a government after receiving written assurances from the government that the property will not be used in a construction project, the department is barred from assessing the seller gross receipts tax on those receipts. However, the department may assess the buyer for compensating tax if the materials are subsequently used in a construction project.

◆ Exception: does not include leasing of property or licenses or the performance of services.

◆ Exception: not applicable to other states' governmental entities (i.e., Texas, Colorado, Arizona, etc.).

◆ Requirement: either a Type 9 NTTC or proof that payment was from a U.S. or New Mexico governmental entity or the governing body of an Indian nation, tribe or pueblo.

◆ NOTE: includes receipts from selling tangible personal property to the American National Red Cross.

◆ NOTE: this deduction can also be taken from governmental gross receipts tax.

2. Receipts from selling or leasing property to, or from performing services for accredited foreign missions or diplomats (7-9-89).

◆ Requirement: Type 16 NTTC.

3. Receipts from selling wind generation equipment or solar generation equipment to a government for the purpose of installing a wind or solar electric generation facility (7-9-54.3).

◆ Exception: this deduction shall not be claimed for receipts from an expenditure for which a taxpayer claims a credit pursuant to Sections 7-2-18.25, 7-2A-25 or 7-9G-2 NMSA 1978.

4. Receipts from the sale of property or services purchased by, or on behalf of, the state of New Mexico (7-9-97).

◆ Requirement: the purchases must be made with funds obtained from the forfeiture of financial assurance pursuant to the New Mexico mining Act or the Water Quality Act.

### **Gross Receipts Tax Holiday Deduction**

Receipts from retail sales of specified tangible personal property if the sale of the property occurs during the period between 12:01 a.m. on the first Friday in August and ending at midnight the following Sunday (7-9-95).

◆ Requirement: this deduction applies only to receipts from sales of the following items:

○ Clothing or shoes sold for less than \$100;

○ Desktop, laptop or notebook computers sold for no more than \$1,000 and any associated monitor, speaker or set of speakers, printer, keyboard, microphone or mouse sold for no more than \$500;

○ School supplies normally used by students in a standard classroom for educational purposes, including notebooks, paper, writing instruments, crayons, art supplies, rulers, book bags, backpacks, handheld calculators, maps and globes, but not including watches, radios, compact disc players, headphones, sporting equipment, portable or desktop telephones, copiers, office equipment, furniture or fixtures.

◆ Exception: this deduction does not apply to receipts from sales of the following items:

○ Special clothing or footwear worn for athletic activities or protective use, or

○ Accessories, including jewelry, handbags, luggage, umbrellas, wallets and watches.

◆ NOTE: a separate form reporting receipts specific to this deduction, RPD-41299, will be required along with the CRS-1 Form. RPD-41299 is available at your local district tax office or online: [www.tax.state.nm.us/](http://www.tax.state.nm.us/).

### **Internet Deductions**

1. Receipts from the sale of a service or property through the Internet to a person with a billing address outside New Mexico (7-9-57.1).

2. Receipts from hosting web sites (7-9-56.2).

3. Receipts from providing telecommunications, Internet or Internet access services to Internet Service Providers (ISPs) (7-9-56.1).

◆ NOTE: receipts of ISPs from providing access or other services (except hosting) to ultimate users are not deductible.

### **Interstate Commerce Deductions**

1. Receipts from transactions in interstate commerce and from sales of radio or television broadcast time if the ultimate buyer is a national or regional advertiser (7-9-55).

◆ NOTE: retail sales to out-of-state buyers who place orders from out of state, accept delivery out of state, and title and risk of loss pass to buyer out of state are deductible.

◆ Exception: commissions of advertising agencies are not deductible.

◆ NOTE: this deduction can also be taken from governmental gross receipts tax.

2. Receipts from intrastate transporting of persons or property if under a single contract for transportation in interstate or foreign commerce (including handling, storage, drayage or packing) (7-9-56).

3. Receipts from leasing vehicles used by persons required to have federal authority to transport passengers or property for hire in interstate commerce (7-9-70).

◆ NOTE: this deduction is available to the lessor, not the lessee.

### **Leasing Deductions**

1. Receipts from the sale of tangible personal property or licenses for leasing (7-9-49).

◆ Exception: receipts from the sale of coin-operated machines, manufactured homes or furniture and appliances used in an apartment, manufactured home or other leased or rented dwelling unit are not deductible.

◆ Requirement: Type 2 NTTC.

2. Receipts from leasing tangible personal property or licenses for subsequent lease (7-9-50).

◆ Exception: receipts from leasing coin-operated machines, manufactured homes or furniture and appliances used in an apartment, manufactured home or other leased or rented dwelling unit are not deductible.

◆ Requirement: Type 2 NTTC.

### **Loan Charges Deduction**

Receipts from charges made in connection with the origination, making or assumption of a loan or from charges made for handling loan payments (7-9-61.1).

◆ Exception: the receipts of an escrow agent are not deductible from gross receipts.

### **Lottery Retailer Deduction**

Receipts of a lottery game retailer from selling New Mexico lottery tickets (7-9-87).

### **Manufactured Home Resale Deduction**

Receipts from the resale of a manufactured home which was subject to gross receipts, compensating or motor vehicle excise tax on its original sale or use in New Mexico (7-9-76.1).

◆ Requirement: proof of payment of one of the above-mentioned taxes.

### **Manufacturing Deductions**

1. Receipts from selling tangible personal property to persons in the manufacturing business (7-9-46).

◆ Requirement: tangible personal property must become an ingredient or component part of the manufactured product.

◆ Requirement: person must own the product to be considered a manufacturer.

◆ Requirement: Type 2 NTTC, NTTC-OSB, MTC or BSC.

◆ NOTE: this deduction can also be taken from governmental gross receipts tax.

2. Receipts from selling the service of combining or processing materials to a manufacturer (7-9-75).

◆ Requirement: service must be performed directly on the product being manufactured.

◆ Requirement: Type 5 NTTC, NTTC-OSB, MTC or BSC.

3. Receipts from selling tangible personal property to be used in the manufacture of jewelry (7-9-74).

◆ Requirement: deduction may not exceed \$5000 per purchaser during a twelve-month period.

◆ Requirement: jewelry manufacturer statement; if sales exceed \$5,000 in twelve-month period, a Type 2 NTTC, NTTC-OSB, MTC or BSC is needed.

### **Medical Deductions**

1. Receipts from the sale of prescription drugs, oxygen and oxygen services provided by a licensed Medicare durable medical

equipment provider (7-9-73.2).

◆ NOTE: this deduction can also be taken from governmental gross receipts tax.

2. Receipts from selling prosthetic devices to persons licensed to practice medicine, osteopathy, dentistry, podiatry, optometry, chiropractic or professional nursing (7-9-73).

◆ NOTE: includes contact lenses, eyeglasses (frame and lens glass) sold to ophthalmologists and optometrists.

◆ Exception: does not include property used in making dentures and supplies such as silver, orthodontia wire, facings and similar items sold to dentists.

◆ Requirement: Type 2 NTTC.

◆ NOTE: this deduction can also be taken from governmental gross receipts tax.

3. 50% of receipts of hospitals may be deducted (7-9-73.1).

◆ Requirement: this deduction may be taken only after all other available deductions.

4. Receipts from Medicare received by:

1) medical doctors, osteopathic physicians, doctors of oriental medicine, athletic trainers, chiropractic physicians, counselor and therapist practitioners, dentists, massage therapists, naprapaths, nurses, nutritionists, dietitians, occupational therapists, optometrists, pharmacists, physical therapists, psychologists, radiologic technologists, respiratory care practitioners, audiologists, speech-language pathologists, social workers and podiatrists for providing medical and other health and pain-relieving services to Medicare beneficiaries;

2) a hospice for providing medical, other health and pain-relieving services to Medicare beneficiaries;

3) a clinical laboratory for medical services to Medicare beneficiaries;

4) a home health agency for medical, other health and pain relieving services to Medicare beneficiaries;

5) a nursing home for medical, other health and palliative services (7-9-77.1).

5. Receipts of medical doctors and osteopathic physicians from payments by a third-party administrator of the federal TRICARE program (7-9-77.1).

◆ Requirement: receipts must be from providing medical and other health services.

6. Receipts of licensed health care practitioners from payments by managed health care providers or health care insurers for commercial contract services or Medicare Part C services provided by a health care practitioner (7-9-93).

◆ Exception: receipts from fee-for-service payments, co-payments or any other payments by the patient are not deductible.

◆ Exception: receipts already exempt or deductible under another provision of the Gross Receipts and Compensating Act are not deductible under this section.

◆ NOTE: special reporting is required for this deduction. Please see instructions for completing the CRS-1 Form in this kit.

7. Receipts of a medical doctor or osteopathic physician from payments by or on behalf of the Indian Health Service of the U.S. Department of Health and Human Services for the provision of medical and other health services to covered beneficiaries



(7-9-77.1).

8. Receipts from selling vision aids, hearing aids or related services (7-9-111).

◆ Exception: receipts already exempt or deductible under another provision of the Gross Receipts and Compensating Tax Act are not deductible under this section.

#### **Mining, Milling or Oil Company Deductions**

Receipts from selling chemicals or reagents to any mining, milling or oil company for use in processing ores or oil in a mill, smelter or refinery or in acidizing oil wells, and receipts from selling chemicals or reagents in lots in excess of eighteen tons (7-9-65).

◆ Exception: receipts from selling explosives, blasting powder or dynamite are not deductible.

#### **Nonathletic Special Event Deduction**

Receipts from admissions to nonathletic special events held at a venue that is located on the campus of a post-secondary school within 50 miles of the New Mexico border that holds at least 10,000 people (7-9-104).

◆ Requirement: to be eligible, receipts must be received between July 1, 2007, and June 30, 2012.

#### **Nonprofit Organization Deduction (Sale to)**

1. Receipts from selling tangible personal property to 501(c)(3) organizations for use in their exempt functions (7-9-60).

◆ Exception: materials included as part of a construction project and construction services provided by a construction contractor are not deductible unless the organization is providing homeownership opportunities to low-income families (Subsection B of Section 7-9-60).

◆ Exception: leasing of tangible personal property or licenses or performance of construction or other services is not deductible.

◆ Requirement: Type 9 NTTC.

◆ NOTE: this deduction can also be taken from governmental gross receipts tax.

2. Receipts from selling construction materials and metalliferous mineral ore to 501(c)(3) organizations (7-9-60).

◆ Requirement: the 501(c)(3) organization must be organized for the purpose of providing homeownership opportunities to low-income families.

◆ Requirement: Type 9 NTTC.

#### **Nonprofit Organization Deduction (Sale By)**

Organizations exempt from federal income tax under Section 501(c) of the Internal Revenue Code may deduct the receipts from two fund-raising events each calendar year (7-9-85).

◆ Exception: this deduction is not available to 501(c)(3) organizations.

#### **Out-of-State Buyer Deduction (Sale to)**

Receipts from the sale of tangible personal property either for resale or for use as an ingredient or component part of a manufactured product or from purchasing a manufacturing service that will be performed directly upon tangible personal property to a customer located outside of New Mexico.

◆ Requirement: buyer must provide proof the buyer is in the business of reselling the property purchased or manufacturing a product containing the property or service purchased.

◆ Requirement: buyer is not required to be registered in New Mexico.

◆ Requirement: buyer must be registered to pay sales, gross receipts or a similar type tax with the taxing authority in the buyer's business location.

◆ Requirement: Type NTTC-OSB, BSC or MTC.

#### **Property Resale Deduction**

Receipts from sales of tangible personal property or licenses for resale (7-9-47).

◆ Requirement: Type 2 NTTC, NTTC-OSB, MTC or BSC.

◆ NOTE: this deduction can also be taken from governmental gross receipts tax.

◆ NOTE: Type NTTC-OSB or BSC for sales of tangible personal property only to buyers not required to be registered in New Mexico.

◆ NOTE: includes receipts from selling tangible personal property to a qualified federal contractor or subcontractor who has entered into a service contract with one of the U.S. agencies that signed a special agreement between New Mexico and the U.S. government. If criteria listed in the agreement are met, the federal contractor or subcontractor may execute Type 15 NTTCs with its vendors.

#### **Publisher's Deductions**

1. Receipts from publishing newspapers or magazines (7-9-63).

◆ Exception: receipts from selling advertising space are not deductible.

◆ Exception: receipts from selling magazines at retail are not deductible.

2. Receipts from selling newspapers (7-9-64).

◆ Exception: receipts from selling advertising space are not deductible.

#### **Real Estate Deductions**

1. Receipts from the sale or lease of real property, which includes the land and anything permanently affixed thereto, from the lease of a manufactured home for at least one month and from the rental of space for a manufactured home or recreational vehicle for at least one month (7-9-53).

◆ NOTE: receipts attributable to the inclusion of furniture or appliances as part of the lease of a dwelling are deductible.

◆ Exception: receipts from the rental of manufactured homes, or spaces for recreational vehicles or manufactured homes for

periods of less than a month are not deductible.

- ◆ Exception: receipts from the rental of rooms in hotels, motels, rooming houses, campgrounds, and guest ranches regardless of the rental time period are not deductible.
- ◆ Exception: this deduction does not apply to improvements constructed on the land by a construction contractor.

2. Receipt of real estate commissions from the sale of real estate which is subject to the gross receipts tax (i.e., new construction) (7-9-66.1).

- ◆ Requirement: the person claiming the deduction must submit to the department evidence to substantiate the deduction.
- ◆ Exception: commissions associated with the sale of land are not deductible since receipts from the sale of land are not subject to the gross receipts tax.
- ◆ NOTE: the tax rate for real estate commissions is the rate for the location of the property being sold.

### **Refund and Allowance Deduction**

Refunds and allowances made to buyers and amounts written off the books as uncollectible debts by accrual-basis taxpayers (7-9-67).

- ◆ Requirement: deduction must be taken in month refund or allowance is given.
- ◆ Requirement: deduction cannot exceed gross receipts for a given report period. Excess may be carried forward.
- ◆ Requirement: the gross receipts tax must have been paid on the initial transaction.
- ◆ Requirement: only accrual-basis taxpayers may deduct amounts written off the books as uncollectible debts, i.e., sales previously reported as taxable receipts for which payment has not been received.
- ◆ Example: when you register with the department, we ask you to choose your accounting method based on how you post your receipts into your books. If you post charge sales as receipts when you actually receive payment, you use the cash-basis accounting method; if you post charge sales as receipts when you bill them, you use the accrual-basis accounting method.
- ◆ NOTE: this deduction can also be taken from governmental gross receipts tax.

### **Service Provider Deductions**

1. Receipts from the sale of services for resale (7-9-48).

- ◆ Requirement: subsequent sale must be subject to the gross receipts tax or governmental gross receipts tax.
- ◆ Requirement: seller must be in the business of selling the same or a similar service to that being purchased.
- ◆ Requirement: Type 5 NTTC.

2. Receipts from the sale of a service to an out-of-state buyer (7-9-57).

- ◆ Requirement: the out-of-state buyer must accept delivery and make initial use of the product of the service outside New Mexico.
- ◆ Requirement: Type 5 NTTC or other evidence to support deduction.

3. Receipts of a business entity from an affiliate for performing administrative, managerial, accounting and customer services or sharing office machines and facilities (7-9-69).

- ◆ Requirement: must be on a nonprofit or cost basis.
- ◆ NOTE: an affiliate is a business entity that directly or indirectly through one or more intermediaries controls is controlled by or is under common control with another business entity.

4. Receipts from the sale to a 501(c)(3) organization (other than a national lab) or the United States, of aerospace services (7-9-54.1).

- ◆ Requirement: Type 5 NTTC.

5. Receipts from operating a spaceport; launching, operating or recovering space vehicles or payloads; preparing a payload; or research, development, testing and evaluation services for the U.S. Air Force Operationally Responsive Space Program (7-9-54.2).

6. Receipts from the sale of software development services that are performed in a qualified area by an eligible software company (7-9-57.2).

- ◆ Requirement: only a taxpayer who is not a successor in business of another taxpayer and whose primary business in New Mexico is established after July 1, 2002, is eligible for this deduction.
- ◆ Requirement: the software development services must be performed outside the municipal boundaries of Albuquerque, Las Cruces, Santa Fe and Rio Rancho.
- ◆ Exception: does not include software implementation or support services.

7. Receipts from military transformational acquisition programs performing research and development, test and evaluation services at New Mexico major range and test facility bases (7-9-94).

- ◆ NOTE: this deduction is only available through June 30, 2016.
- ◆ Exception: this deduction does not apply to receipts of a prime contractor operating facilities designated as a national laboratory by act of congress or to current force programs as of July 1, 2005.

8. Receipts from fees received for performing management or investment advisory services for a mutual fund, hedge fund or real estate investment trust (7-9-108).

### **Solar Energy Systems Deduction**

Receipts from the sale or installation of solar energy systems (7-9-112).

- ◆ Requirement: A person claiming this deduction must be able to provide evidence or a written statement from the buyer that the equipment or installation services being purchased are for the exclusive use in the installation and operation of a solar energy system.

### **Special Fuel Deduction**

Receipts from the sale of special fuel consisting of at least ninety-

nine percent vegetable oil or animal fat (7-9-113).

- ◆ Requirement: the special fuel excise tax deduction under 7-16A-10 must be claimed.
- ◆ NOTE: this deduction is only available through June 30, 2014.

### **Telecommunications Deduction**

Receipts from telephone access charges paid by other telephone carriers (7-9-56).

- ◆ NOTE: receipts of telephone companies from providing interstate and foreign telecommunication services are exempt from gross receipts tax but subject to the interstate telecommunications gross receipts tax. Hotels and motels are not telephone companies and therefore are subject to gross receipts tax.

### **Trade-In Deduction**

Receipts from a trade-in of tangible personal property (7-9-71).

- ◆ Requirement: property traded in must be the same type as that being sold.
- ◆ Exception: does not include manufactured homes.

### **Uranium Enrichment Plant Deduction**

Receipts from selling enriched uranium or from enriching uranium (7-9-90).

### **Warranty Fulfillment Deduction**

Receipts of a dealer from furnishing goods or services to fulfill a manufacturer's warranty obligation (7-9-68).

- ◆ Exception: receipts of warranty subcontractors may not be deducted since they are not dealers.

## **COMPENSATING TAX**

### **What Is Compensating Tax?**

Compensating tax is an excise tax imposed on persons using property or services in New Mexico as described below (7-9-7).

Compensating tax is designed to protect New Mexico businesses from unfair competition from out-of-state businesses not subject to gross receipts tax.

"Use" means use, consumption or storage other than storage for subsequent sale in the ordinary course of business or storage for use solely outside New Mexico [7-9-3(N)].

### **Compensating Tax Is Levied on Property**

The following property is subject to compensating tax:

1. Property that was manufactured by the person using the property in New Mexico (7-9-7).
2. Property that was acquired from a person located outside New Mexico that would have been subject to gross receipts tax

had the property been acquired from a person with nexus with New Mexico (7-9-7).

- ◆ Example: A New Mexico business purchases for its own use computer floppy disks and printer ribbons from a mail order firm in New Jersey that delivers the order by common carrier to the buyer's New Mexico business location. The buyer must pay compensating tax on the value of these products, plus any freight, delivery and handling charges billed by the seller.

3. Property that was acquired in a nontaxable transaction but subsequently was converted to use by the person instead of being used in a nontaxable manner (7-9-7).

- ◆ Example: A grocer has issued an NTTC to a baker for the purchase of bread for resale. The grocer is liable for compensating tax on the value of the loaf of bread because it was converted to use by the grocer instead of being resold.

- ◆ Example: A boot manufacturer has issued NTTCs to various vendors of items such as leather that he uses to make boots. The manufacturer gives one of the pairs of boots to his daughter. The manufacturer converted the boots to his own use instead of selling them. The manufacturer is liable for compensating tax on the value of the boots that he gave to his daughter.

- ◆ NOTE: Although the compensating tax is still due on transactions described above, if the buyer is an individual and the item purchased is for personal use, the Department will not take action against the individual to collect the tax unless the item is a manufactured home (7-9-7.1). The Department will continue to take action when the tax is due on purchases by businesses and government agencies (when applicable) and when businesses have a duty to collect and remit the tax.

### **Compensating Tax Is Levied on Services**

Services that were acquired in a nontaxable transaction but subsequently were converted to use instead of being used in a nontaxable manner are subject to the compensating tax (7-9-7).

- ◆ Example: A contractor issues NTTCs to subcontractors for the purchase of construction services which he uses to build a house. Instead of selling the completed house, the contractor moves into it. Because the contractor has converted the house to his own use, he is liable for compensating tax on the value of the construction services he purchased with NTTCs.

### **What Is the Compensating Tax Rate?**

The compensating tax is imposed at a rate of 5.125% on the value of the property at the time of acquisition or introduction into New Mexico or at the time of conversion to use, whichever is later.

Compensating tax at a rate of 5% is imposed on the value of services at the time the services are rendered.

The **value of tangible personal property** is the adjusted basis of the property for federal income tax purposes determined as of the time of acquisition or introduction into this state or of conversion to use, whichever is later. If no adjusted basis for federal income tax purposes is established for the property, a reasonable value of the property shall be used (7-9-7). The **value of services** is the total amount of money or other consideration paid for the service

unless the reasonable value is greater than the actual amount paid, in which case value would be the reasonable value (7-9-8).

### **Who Has the Liability for Compensating Tax?**

1. **Buyer or User** - Unlike gross receipts tax, liability for compensating tax rests with the buyer or user rather than the seller. The buyer has met the tax obligation, however, if the buyer paid compensating tax to a seller who is an agent for the collection of compensating tax. The compensating tax must be separately stated on the invoice to verify payment (7-9-9).

2. **Agent for the Collection of Compensating Tax** - Persons selling property or property and service for use in New Mexico who are not liable for gross receipts tax on the sales may be liable to collect compensating tax for the state if the person is carrying on or causing to be carried on any business activity in New Mexico (7-9-10).

### **Exemptions From Compensating Tax**

Transactions exempt from compensating tax do not have to be reported on the CRS-1 Form.

#### **Electricity Exemption**

The use of electricity in the production and transmission of electricity (7-9-38).

#### **Fuel Exemptions**

1. The use of gasoline, special fuel or alternative fuel on which the gasoline tax (7-13-3), special fuel excise tax (7-16A-3) or alternative fuel excise tax (7-16B-4) has been paid and not refunded (7-9-26).

2. The use of oil, natural gas, liquid hydrocarbons or any combination of these as fuel consumed in the pipeline transportation of any of these products (7-9-37).

3. The use of fuel, oxidizer or a substance that combines fuel and oxidizer to propel space vehicles or to operate space vehicle launchers (7-9-26.1).

4. The use of fuel to be loaded or used by a common carrier in a locomotive engine (7-9-41.2).

◆ NOTE: This exemption was to become effective July 1, 2010, if the Economic Development Department would have certified to the Taxation and Revenue Department by January 1, 2010, that construction of a railroad locomotive refueling facility project had commenced. Such a certification from the Economic Development Department was never received by the Taxation and Revenue Department; as a result this exemption is not currently available.

#### **Governmental Entity Exemptions**

1. The use of property by the U.S. Government or one of its agencies or the state of New Mexico or one of its agencies or

political subdivisions (7-9-14).

◆ Exception: the use of property by a New Mexico political subdivision that is or will be incorporated into a metropolitan redevelopment project created under the Metropolitan Redevelopment Code is not exempt.

◆ Exception: the use of construction materials -- tangible personal property that becomes or is intended to become an ingredient or component part of a construction project -- is not exempt.

2. The use of property on Indian reservations or pueblo grants by the governing body, agency or subdivision of an Indian nation, tribe or pueblo (7-9-14).

3. The use of property by any instrumentality of the United States Armed Forces engaged in resale activities (7-9-31).

#### **Nonprofit Organization Exemptions**

The use of property by organizations that have been granted tax exemption under Section 501(c)(3) of the Internal Revenue Code as long as the property is used in the conduct of their exempt functions (7-9-15).

◆ Exception: property used in an unrelated trade or business as defined in Section 513 of the Internal Revenue Code and property used as an ingredient or component part of a construction project are not exempt.

#### **Personal and Household Effects Exemption**

The use by an individual of personal or household effects brought into New Mexico at the time the individual establishes an initial residence in this state (7-9-27).

◆ NOTE: includes the nonbusiness use of property in New Mexico by a nonresident while temporarily in this state.

#### **Railroad, Aircraft and Space Vehicle Exemptions**

1. The use of railroad locomotives, trailers, containers, tenders or cars procured or bought for use in railroad transportation (7-9-30).

2. The use of commercial aircraft bought or leased primarily for use in the transportation of passengers or property for hire in interstate commerce (7-9-30).

3. The use of space vehicles for transportation of persons or property in, to or from space (7-9-30).

#### **Vehicles and Boats Exemptions**

1. The use of vehicles on which the motor vehicle excise tax has been paid and the use of vehicles exempt from the motor vehicle excise tax pursuant to Section 7-14-6 NMSA 1978 (7-9-23).

2. The use of vehicles subject to registration with the Motor Vehicle Division under Section 66-3-16 (special registration for disabled persons) (7-9-23).



3. The use of boats on which the boat excise tax (66-12- 6.1) has been paid (7-9-23.1).

### **Deductions From Compensating Tax**

Deductions from compensating tax, unlike deductions from gross receipts tax, do not have to be reported on the CRS-1 Form but records substantiating the deduction should be kept in the taxpayer's records.

#### **Advanced Energy Deduction**

The value of eligible generation plant costs from the sale of tangible personal property to a person that holds an interest in a qualified generating facility for which the Department of Environment has issued a certificate of eligibility.

◆ Requirement: a taxpayer claiming this deduction on form RPD-41349 *Advanced Energy Deduction*.

◆ NOTE: this deduction is only available for a ten-year period from the year development of the qualified generating facility begins and expenditures are made.

◆ NOTE: this deduction cannot be claimed for the same qualified expenses for which the taxpayer claims a credit under Sections 7-2-18.25, 7-2A-25 or 7-9G-2 NMSA 1978 or a deduction under Section 7-9-54.3 NMSA 1978.

#### **Agricultural Implements, Aircraft, Vehicles Deduction**

50% of the value of farm tractors, aircraft not exempted under 7-9-30 and vehicles not required to be registered under the Motor Vehicle Code may be deducted from total value before computing compensating tax due. Also 50% of the value of agricultural implements may be taken by persons engaged in the business of farming or ranching. An "agricultural implement" is defined to be a tool, utensil or instrument that is subject to depreciation for federal income tax purposes and designed primarily for use with a source of motive power to produce agricultural products, including poultry, livestock and food or fiber from poultry or livestock (7-9-77).

◆ Requirement: any trade-in deduction (7-9-71) must be taken before taking this 50% deduction.

#### **Biomass-Related Equipment Deduction**

1. The value of a biomass boiler, gasifier, furnace, turbine-generator, storage facility, feedstock processing or drying equipment, feedstock trailer or interconnection transformer may be deducted in computing the compensating tax due (7-9-98).

2. The value of biomass materials used for processing into biopower, biofuels or biobased products may be deducted in computing the compensating tax due (7-9-98).

#### **Electric Transmission and Storage Facility Deduction**

The value of equipment installed as part of an electric transmission facility or an interconnected storage facility acquired by the New Mexico Renewable Energy Transmission Authority may be deducted in computing compensating tax due (7-9-102).

#### **Fuel Deduction**

From July 1, 2003, through June 30, 2012, 55% of the receipts from selling jet fuel for use in turboprop or jet engines. After June 30, 2012, 40% of the receipts from selling for use in turboprop or jet engines (7-9-84).

#### **Government Deduction (Contribution to)**

The value of tangible personal property that is removed from inventory and contributed to a U.S. or New Mexico governmental entity or the governing body of an Indian nation, tribe or pueblo for use on an Indian reservation or pueblo grant may be deducted in computing the compensating tax due (7-9-91).

◆ Exception: contributions of tangible personal property that will become an ingredient or component part of a construction project are not deductible.

◆ Exception: contributions of tangible personal property utilized or produced in the performance of a service are not deductible.

#### **Leasing Deduction**

The value of tangible personal property held for leasing by a person engaged in the business of selling or leasing the same type property may be deducted before computing compensating tax due (7-9-78).

◆ Requirement: the person must be engaged in a business which derives a substantial portion of its receipts from leasing or selling tangible personal property of the type leased.

◆ Requirement: the person cannot use the tangible personal property in any manner other than holding it for lease or sale.

◆ Requirement: the person cannot use the tangible personal property in a manner incidental to the performance of a service.

◆ Exception: the value of furniture or appliances furnished as part of a leased or rented dwelling by the lessor, coin-operated machines and manufactured homes may not be deducted.

#### **Nonprofit Organization Deduction (Contribution to)**

The value of tangible personal property that is removed from inventory and contributed to 501(c)(3) organizations, may be deducted in computing the compensating tax due (7-9-91).

◆ Exception: contributions of tangible personal property that will become an ingredient or component part of a construction project are not deductible.

◆ Exception: contributions of tangible personal property utilized or produced in the performance of a service are not deductible.

◆ Requirement: the tangible personal property must be deductible by contributor for federal income tax purposes.

#### **Space-Related Test Article Deduction**

1. The value of space-related test articles used in New Mexico exclusively for research or testing, placing on public display after research or testing or storage for future research, testing or



public display, may be deducted in computing compensating tax due (7-9-54.4).

◆ Exception: this deduction does not apply to any other use of space-related test articles.

2. The value of equipment and materials used in New Mexico for research or testing, or for supporting the research or testing of space-related test articles or for storage of such equipment or materials for research or testing, or supporting the research and testing of space-related test articles may be deducted in computing compensating tax due (7-9-54).

◆ Exception: this deduction does not apply to any other use of such equipment and materials.

◆ NOTE: a space-related test article is a material or device intended to be used primarily in research or testing to determine properties and qualities of material or properties, qualities or functioning of a device or technology when the principal use of the material, device or technology is intended to be in space or as part of, or associated with, a space vehicle.

### **Test Article Deduction**

The value of test articles upon which research or testing is conducted in New Mexico pursuant to a contract with the United States department of defense may be deducted in computing the compensating tax due (7-9-54.5).

◆ NOTE: a test article is a material or device upon which research or testing is conducted to determine the properties and qualities of the material or the properties, qualities or functioning of the device or a technology used with the device.

◆ Exclusion: this deduction does not apply to the value of property purchased by a prime contractor operating a facility designated as a national laboratory by an act of congress.

### **Trade-In Allowance Deduction**

The value of the allowance given to a buyer for a trade-in of the same type tangible personal property being purchased may be deducted from the value of the property sold before computing compensating tax due (7-9-77).

### **Uranium Enrichment Plant Deduction**

The value of equipment and replacement parts used to enrich uranium in a uranium enrichment plant (7-9-78.1).

## **CRS TAX CREDITS**

These 17 credits, explained in detail in the next section of this publication, are available to CRS taxpayers:

1. The investment credit may be applied against the state gross receipts (excluding local option gross receipts taxes), compensating or withholding tax liability.

2. The rural jobs tax credit may be applied against taxes due on the CRS-1 Form, excluding local option gross receipts taxes, or against personal or corporate income tax liability.

3. The laboratory partnership with small business tax credit

may only be claimed by national laboratories operating in New Mexico and is applied against gross receipts taxes due up to \$2,400,000 excluding local option gross receipts taxes.

4. The technology jobs tax credit: the basic credit may be applied against gross receipts, compensating or withholding tax; the additional credit may be applied against personal or corporate income tax liability.

5. Sales or use tax paid to another state may be applied against compensating tax liability.

6. The gross receipts tax credit is available when the product of a research and development service performed outside New Mexico is initially used in New Mexico and the service has been taxed through a gross receipts, sales or similar tax in another state.

7. Compensating tax paid on construction projects may be applied against gross receipts tax liability.

8. The high-wage jobs tax credit may be claimed by eligible employers against gross receipts, compensating, withholding tax and other CRS taxes, except local option gross receipts taxes. The excess is refundable to the taxpayer when the credit is more than the tax liability.

9. The sale of service for resale tax credit may be applied against gross receipts tax or governmental gross receipts tax liability.

10. The research and development small business tax credit may be claimed by qualified research and development small businesses and is applied against gross receipts, compensating or withholding tax liability.

11. The affordable housing tax credit may be applied against gross receipts, compensating, withholding, personal income or corporate income tax liability through the sale or transfer of vouchers issued by the Mortgage Finance Authority.

12. The hospital credit may be claimed by hospitals licensed by the New Mexico Department of Health against gross receipts tax. This credit is phased-in over a four-year period.

13. The biodiesel blending facility tax credit may be claimed by a rack operator against gross receipts and compensating taxes for 30 percent of the cost of purchasing or installing biodiesel blending equipment.

14. A tax credit, phased-in over three years, for unpaid charges for services provided in a hospital may be claimed by a licensed medical doctor or licensed osteopathic physician against gross receipts taxes.

15. The advanced energy tax credit may be claimed by an interest owner for their expenditures for the development and construction of a new solar thermal electric generating facility or a new or re-powered coal-based electric generating unit and an associated coal gasification facility.

16. The alternative energy products manufacturing tax credit may be claimed against gross receipts, compensating, withholding tax and other CRS taxes, except local option gross receipts taxes. The excess credit may be carried forward for up to five years.

17. A credit for penalties paid pursuant to Section 7-1-71.2 NMSA 1978 may be claimed by taxpayers and applied against gross receipts, compensating or withholding tax liabilities.

### **Investment Credit**

New Mexico has an Investment Credit Act (7-9A-1) to augment its favorable tax climate for manufacturing operations and to promote increased employment in New Mexico. The investment credit provided for in the act is an amount equal to the compensating tax rate (5.125%) applied to the value of qualified equipment. The credit may be claimed by the taxpayer incorporating the qualified equipment into a manufacturing operation in New Mexico, provided certain employment conditions are met.

The value of the qualified equipment is the adjusted basis established for the equipment under the applicable provisions of the Internal Revenue Code. The employment conditions are:

1. for every \$500,000 of equipment, one employee must be added up to \$30 million, and
2. for amounts exceeding \$30 million, one employee must be added for each \$1 million of equipment.

A taxpayer must apply for the credit. Additional information on the credit is provided with application forms available from the Department. Once approval is granted by the Department, the amount of any available credit may be applied against the taxpayer's compensating tax, gross receipts tax (does not include county or municipal taxes) or withholding tax due. The amount of investment credit claimable on any CRS return is limited to 85% of CRS taxes due. On January 1 of any year certain claimants may cash in their remaining approved credit.

### **Rural Job Tax Credit**

Eligible employers may earn a credit for each qualifying job created on or after July 1, 2006. The credit may be applied against the state taxes due on the CRS return (excluding local option gross receipts taxes) or against personal or corporate income tax.

An "eligible employer" is one who has been approved by the Economic Development Department for in-plant training assistance. A "qualifying job" is one that is occupied by an eligible employee for at least 48 weeks in a 12-month qualifying period. The "rural area" of New Mexico excludes Albuquerque, Los Ranchos, Los Alamos, Rio Rancho, Santa Fe, and Las Cruces, and the area within ten miles of these municipalities. A "tier one" area is defined as a municipality within a rural area with a population of 15,000 or less. A "tier two" area is a municipality within a rural area with a population over 15,000.

The credit amount equals 25% of the first \$16,000 in wages paid

for a qualifying job in a "tier one" area and 12.5% of the first \$16,000 in a "tier two" area. If the job is located in a "tier one" area, the employer may receive a credit for four consecutive years; if it is in a "tier two" area, the employer may take the credit for two consecutive years. A credit once earned is transferable.

### **Laboratory Partnership Credit**

When a national laboratory offers certain types of eligible assistance to individual small businesses ("small business" as defined in the federal Small Business Act, P.L. 85-536) in New Mexico and incurs expenses for doing so, it may take a credit against the state portion of gross receipts tax of up to \$10,000 per business or \$20,000 for a business in a rural area. The limit on assistance to a particular small business would apply to the total amount of assistance provided by all national laboratories to that business. Local option gross receipts tax is excluded. The maximum credit is \$2,400,000 in any calendar year. Qualified expenses range widely from wages/benefits to providing mentors to the small business in partnership with the laboratory. The business must certify to the laboratory that the assistance it seeks is not available at reasonable cost through private industry.

### **Technology Jobs Tax Credit**

Any taxpayer doing qualified research and development at a facility in New Mexico (other than one operated for the U. S. government) may claim a credit equal to 4% of qualified expenditures. Qualified expenditures include rent, facility operation and maintenance (except for facilities owned by the taxpayer before the effective date, owned by a local government as an industrial revenue bond project or for which the taxpayer received another credit), equipment, software, payroll and technical manuals and materials. Taxpayer must apply to this department for approval of credit amounts within one year of the end of the calendar year in which the expenditure occurred. After approval, the basic credit may be applied against state taxes due on the CRS-1 return. Additional credits can be earned by certain taxpayers who increase their payroll expenses over the prior year. These additional credits can only be applied to income tax liabilities. The credit amount doubles if the qualified facility is in a rural area. On the effective date, "rural area" will be that part of the state outside Bernalillo and Dona Ana Counties plus a 3-mile zone around those counties and Rio Rancho. A recapture clause applies.

### **Tax Paid to Another State**

The amount of sales, compensating or similar tax (up to a 5.125% rate) paid to another state on property acquired in that state or another state for use in New Mexico may be credited against the amount of compensating tax due to New Mexico on the property (7-9-79).

### **Tax Paid to Another State; Product of Research and Development Service**

When a taxpayer pays gross receipts, sales or similar tax in another state, or political subdivision of that state, on the product of research and development services performed outside New

Mexico but initially used in New Mexico a credit against gross receipts tax can be claimed. This credit can only be claimed for receipts after July 1, 1989, and the amount of the credit can not exceed 5.125% multiplied by the amount subject to by both New Mexico and the other state or political subdivision of that state. To claim this credit taxpayers should use the Non-New Mexico Research and Development Credit Form (RD-1).

### **Compensating Tax on Construction Projects**

When a person in the construction business owes gross receipts tax on the sale of a construction project, the person may take a credit against the gross receipts tax due for the amount of any compensating tax (NOT GROSS RECEIPTS TAX) previously paid on construction materials and services incorporated into the construction project (7-9-79).

The credit must be taken for the same report period in which the gross receipts tax is paid. Use the *Special Contractor's Report for Compensating Tax Credit* (ACD-31077) to compute the credit and attach the form to the CRS-1 Form with the schedule of computation.

Forms for claiming the above credits and further information on the credits may be obtained from the Department's district tax offices or the Santa Fe headquarters.

### **High-Wage Jobs Tax Credit**

Eligible employers can claim a credit equal to 10 percent of wages and benefits for new employees in "high-wage, economic-based" jobs. The law limits the credits to \$12,000 per eligible employee for up to four years. More than 50 percent of sales must be to persons outside New Mexico, and the employer must be eligible for in-plant training assistance. Other conditions: the jobs must be created between July 1, 2004, and June 30, 2014, be occupied for at least 48 weeks of the year before the credit claim, and pay at least \$40,000 annually if located in a municipality of 40,000 or more residents and at least \$28,000 elsewhere in the state.

An "eligible employer" means an employer who: (1) made more than fifty percent of its sales to persons outside New Mexico during the most recent twelve months of the employer's modified combined tax liability reporting periods ending prior to claiming a high-wage jobs tax credit, and (2) is eligible for development training program assistance pursuant to Section 21-19-7 NMSA 1978. The definition of "benefits" refers to federal law. Excluded from eligibility are persons who have worked as employees or independent contractors for companies that own stock of the company applying for the credits.

### **Sale of Service For Resale Tax Credit**

Any taxpayer who sells a service for resale in the ordinary course of business when the receipts from the resale are not subject to gross receipts or governmental gross receipts tax may claim a credit against their gross receipts tax liability. The buyer must give the seller documentation that the service is being purchased for resale in the ordinary course of business.

If a taxpayer's business location is within a municipality, the amount of the new credit is 10% of the receipts from sales of services for resale multiplied by 3.775%. If the taxpayer's business location is in the unincorporated area of a county, the amount of the new credit is 10% of the receipts from sales of services for resale multiplied by 5%.

This credit does not apply to receipts from selling a service to a governmental entity or to a prime contractor who operates a facility in New Mexico designated as a national laboratory by an act of congress.

### **Research and Development Small Business Tax Credit**

Qualified research and development small businesses are able to claim this credit equal to the sum of all gross receipts, compensating or withholding taxes owned to New Mexico for a reporting period. A qualified research and development small business is a corporation, general partnership or similar entity with less than 25 employees, revenues less than \$5 million per year and qualified research expenditures equal to 20% of total expenditures in the year the credit is claimed. This credit can be claimed for no more than 3 years, from July 1, 2005, through June 30, 2009.

Businesses claiming this credit must still report the original tax liability on the CRS-1 Form.

### **Affordable Housing Tax Credit**

The Mortgage Finance Authority (MFA) is authorized to issue investment vouchers for persons investing in affordable housing projects at the rate of 50 percent of the investment. The vouchers, which may be sold or transferred, may be applied against gross receipts, compensating, withholding, personal income or corporate income tax liabilities. Unused credits may be carried forward for up to five years. The MFA is required to adopt rules for the approval, issuance and administration of the vouchers.

### **Hospital Credit**

Hospitals licensed by the New Mexico Department of Health may claim a gross receipts tax credit equal to the following percentage of taxable gross receipts:

For hospitals located in a municipality:

- 0.755 percent on or after July 1, 2007, and before July 1, 2008;
- 1.51 percent on or after July 1, 2008, and before July 1, 2009;
- 2.265 percent on or after July 1, 2009, and before July 1, 2010;
- 3.02 percent on or after July 1, 2010, and before July 1, 2011, and
- 3.775 percent on or after July 1, 2011.

For hospitals located in the unincorporated areas of a county:

- 1 percent on or after July 1, 2007, and before July 1, 2008,
- 2 percent on or after July 1, 2008, and before July 1, 2009,
- 3 percent on or after July 1, 2009, and before July 1, 2010,
- 4 percent on or after July 1, 2010, and before July 1, 2011, and
- 5 percent on or after July 1, 2011.

For purposes of this credit a "hospital" means a facility providing emergency or urgent care, inpatient medical care and nursing

care for acute illness, injury, surgery or obstetrics and includes a facility licensed by the Department of Health as a critical access hospital, general hospital, long-term acute care hospital, psychiatric hospital, rehabilitation hospital, limited services hospital and special hospital.

### **Biodiesel Blending Facility Tax Credit**

A taxpayer who is a rack operator as defined in the Special Fuels Supplier Tax Act could claim a gross receipts and/or compensating tax credit equal to 30 percent of the cost of purchasing or installing biodiesel blending equipment. The credit could not exceed \$50,000 for equipment installed at one facility. Taxpayers would apply to the Energy, Minerals and Natural Resources Department which would issue a certificate of eligibility if the taxpayer and their expenditures meet the requirements of the section. Eligible taxpayers would then provide the certificate of eligibility to the Taxation and Revenue Department in order to claim the credit. Approved claims for all taxpayers in one year cannot exceed \$1 million. Credit amounts in excess of a liability can be carried forward for four years. If a credit claimant ceases biodiesel blending without completing at least 180 days of availability of the facility within the first 365 days of issuance of the certificate of eligibility, any amount of approved credit not applied would be extinguished. Taxpayers would be required to file amended returns and self-assess the tax owed and return any tax credit received within 425 days of the date of issuance of the certificate.

### **Unpaid Doctor Services**

Licensed medical doctors or licensed osteopathic physicians may claim a credit against gross receipts taxes due for the value of unpaid bills for medical care services performed while on call to a hospital. The value of unpaid qualified health care services cannot exceed 130 percent of the reimbursement rate for the services under the Medicaid program. The credit can only be taken if the medical services performed remains unpaid one year after the date of billing and the licensed medical doctor or licensed osteopathic physician has reason to believe it will not be paid because: 1) health insurance did not cover the client or the medical services; 2) the client was not eligible for Medicaid, and 3) the charges are not reimbursable under the Indigent Hospital and County Health Care Act. This credit would be phased in over three years, one-third available from July 1, 2007, through June 30, 2008, two-thirds available from July 1, 2008, through June 30, 2009, and the full amount July 1, 2009, and thereafter.

### **Advanced Energy Tax Credit**

Interest owners may claim the advanced energy tax credit in the amount of 6 percent of their expenditures for the development and construction of a new solar thermal electric generating facility or a new or re-powered coal-based electric generating unit and an associated coal gasification facility. Qualified facilities would have to begin construction no later than December 31, 2015. To be eligible, a coal-based generating unit would also need to meet the following criteria:

1. Emit the lesser of (1) what is achievable with the best available control technology, or (2) .035 pounds per million British

Thermal Units ("mm Btu") of sulfur dioxide, .025 pounds per mm Btu of oxides of nitrogen and .01 pound per mm Btu of total particulates in the flue gas.

2. Remove the greater of (1) what is achievable with the best available control technology, or (2) 90 percent of the mercury emitted from the input fuel.
3. Capture and sequester or control carbon dioxide emissions so that by the later of January 1, 2017, or 18 months after commercial operation date no more than 1,100 pounds per megawatt-hour of CO<sub>2</sub> is emitted into the atmosphere.
4. All infrastructure required for sequestration is in place by the later of January 1, 2017, or 18 months after the commercial operation date.
5. Include methods and procedures to monitor the fate of the CO<sub>2</sub> captured and sequestered from the facility.
6. Does not exceed 700 net megawatts nameplate capacity.

To claim the credit, the interest owner would submit to the Taxation and Revenue Department a certificate issued by the New Mexico Environment Department which certifies that the facility is qualified for purposes of the credit. Approved credits could be claimed against a taxpayer's gross receipts tax, compensating tax or withholding tax liability. If the credit amount exceeded the taxpayer's liability, the excess could be carried forward for up to five years. The aggregate amount of tax credit that could be claimed with respect to each qualified generating facility would be \$60,000,000. If a facility that had received certification did not sequester or control CO<sub>2</sub> emissions, the certification shall be revoked and the taxpayer would be required to refund to the state any tax credits already granted for that facility. If the taxpayer demonstrates to the Environment Department that the taxpayer made every effort to sequester or control CO<sub>2</sub> emissions, and that their inability to meet the sequestration requirements was beyond their control, the Environment Department will determine the amount of the credits that shall be refunded. The refund would be required within 180 days of the order by the Environment Department. Expenditures for which a taxpayer claims a credit would be ineligible for credits under the Investment Credit Act or any other credit against gross receipts, compensating or withholding taxes.

### **Alternative Energy Products Manufacturing Tax Credit**

A new tax credit is created for up to 5% of a taxpayer's spending on manufacturing equipment used in a manufacturing operation that produces "advanced energy products." Advanced energy products are defined as vehicles powered by advanced energy sources, fuel-cell systems, renewable-energy systems and any components of these as well as components of integrated gasification combined cycle coal facilities and facilities related to the sequestration of carbon from integrated gasification combined cycle coal plants. Renewable energy systems are defined to include systems based on photovoltaic energy, solar-thermal energy, biomass energy, wind energy, hydrogen and battery cells. "Qualified expenditure" would be limited to the value of manufacturing equipment for which the credit is being claimed. The tax credit can be claimed against the taxpayer's gross receipts tax, compensating tax, withholding tax, interstate telecommunications gross receipts tax, telecommunications relay surcharge and E-911 surcharge liabilities but cannot be claimed against local



option gross receipts taxes. If the amount of the credit exceeds a taxpayer's liability, the excess can be carried forward for up to five years. To be eligible to claim a credit the taxpayer shall employ at least one new full-time employee for every \$500 thousand of expenditures up to \$30 million, and at least one new full-time employee for every \$1 million of expenditures over \$30 million. Credits must be applied for within one year of making a qualified expenditure. If a taxpayer ceases operations at a facility for at least 180 days within a two-year period after claiming credits, no additional credits will be granted with regard to that facility. Amounts of credit approved but not yet claimed would be extinguished and the taxpayer would owe the amount of tax that the claimed credit had offset.

#### **Credit for Penalty Pursuant to Section 7-1-71.2 NMSA 1978**

Taxpayers who paid a penalty pursuant to Section 7-1-71.2 NMSA 1978 prior to July 1, 2007, may claim a credit for the penalty amount paid. The credit must be claimed prior to July 1, 2010, and can be applied against the taxpayer's gross receipts, compensating or withholding tax liability within a report period. Any credit amount that exceeds a taxpayer's liability for a report period can be carried forward for up to three years.

#### **HOW AND WHEN TO REPORT AND PAY CRS TAXES**

You should report gross receipts, compensating and withholding taxes using the CRS-1 Form. The CRS-1 Form and tax are due on the 25th of the month following the end of your reporting period. If the 25th falls on a Saturday, Sunday or legal holiday the CRS-1 Form is due the next business day. We look at the U.S. Postal Service postmark or time stamp of a qualifying courier service (currently designated by the U.S. Secretary of the Treasury under 26 USCA 7502) on the envelope to determine if a report was filed on time. **A CRS-1 Form must be filed whether or not any tax is due.** If no tax is due, file a "zero" report. Please do not mail cash.

#### **If You Owe \$25,000 or More**

If your combined tax liability for gross receipts, compensating, withholding, governmental gross receipts, leased vehicle gross receipts and interstate telecommunications gross receipts taxes and leased vehicle surcharge averaged \$25,000 or more per month for the previous calendar year (regardless of the tax due for the current month), statute requires your payment in usable funds by the tax-due date. You may choose one of several special payment methods to make the payment, but you must make your payment by the due date appropriate for the method you choose. For the mechanics of the choices and more detailed information, please request our publication "FYI-401" from your local district tax office or view it online: [www.tax.state.nm.us/](http://www.tax.state.nm.us/).

**IMPORTANT: Check the appropriate box on your CRS-1 Form for payment by automated clearinghouse or federal wire transfer. Your CRS-1 Form must be mailed on or before the due date, or penalty will be assessed at 2% per month, up to 20%, of the amount of tax due even if payment has been made in a timely fashion.**

Effective January 1, 2001, taxpayers who pay electronically will have a five-day grace period (for penalties only) to correct the transmission if payment identified to the taxpayer reaches the department or its fiscal agent but otherwise lacks required information.

#### **Reporting Periods**

##### **Monthly Filing**

A monthly filing period is assigned when you register with the department unless you qualify for and request either a quarterly or semi-annual filing period. **Monthly reporting periods are from the first day of the month to the last day of the month;** i.e., January 1 through January 31. New businesses whose start-business date is after the first of the month should still use the first day of the month to the last day of the month as the report period.

##### **Requesting or Changing from Monthly to Quarterly or Semi-Annual Filing**

If you are on a monthly filing basis and your combined total tax due averages \$200 a month or less, you may apply with the department to file either quarterly or semi-annually. File the Business Tax Registration Update (included in the CRS-1 Filer's Kit). Until you receive notification that you have been approved to file quarterly or semi-annually, you must continue to file monthly. Your approval will be effective at the beginning of the next quarterly or semi-annual period. If you are approved for quarterly reporting in February, you would continue to file monthly CRS-1 Forms for February and March; your first quarterly report would be for April through June. If you are approved to file on a quarterly or semi-annual basis and your tax liability exceeds the \$200-a-month average for any twelve-month period of time, you are required to convert to a monthly filing basis. Refer to the Business Tax Registration Update, Form ACD-31075.

##### **Quarterly Filing**

Quarterly reporting periods are January 1 through March 31, April 1 through June 30, July 1 through September 30 and October 1 through December 31.

##### **Semi-Annual Filing**

Semi-annual reporting periods are January 1 through June 30 and July 1 through December 31.

#### **Calculating Late-Filing Penalty and Interest**

If you file your CRS-1 Form anytime after the due date, you should add penalty and interest to the amount of tax due. Penalty is 2% per month or partial month the payment is late up to a maximum of 20% of tax due or a minimum of \$5.00. When you are late filing your CRS-1 Form and you owe no tax, you still owe a \$5.00 penalty. Interest is calculated at a rate of 4%\*. For report periods after January 1, 2001, interest is calculated



on a daily basis using the following formula:

Tax Due x .010958904%\* x Number of Days Late = Interest Due

No interest is due if, at the time of payment, interest due is less than \$1.00. Unlike penalty which has a 20% maximum, interest continues to accrue until you make payment.

\* **NOTE:** This is the interest rate in effect for the second quarter of 2010. The interest rate is set by the U.S. Internal Revenue code (IRC) and can change on a quarterly basis. For current quarterly and daily interest rate visit our web site at [www.tax.state.nm.us](http://www.tax.state.nm.us).

Your return must be postmarked by the United States Postal Service or time stamped by a qualifying courier service (currently designated by the United States Secretary of the Treasury under 26 USCA 7502) or received on or before the due date, or penalty will be assessed even if payment has been made in a timely fashion.

### **Special Penalties for Incorrectly Reporting the Deductions Under Sections 7-9-92 & 93 NMSA 1978**

The 2004 Legislature enacted a new section of the Tax Administration Act that sets penalties for taxpayers who do not correctly report the amount eligible for new food or medical deductions. As originally enacted, the penalty is the difference between the reported deduction amount and the correct amount multiplied by twice the applicable local option tax rates. *It applies to understating this deduction as well as overstating it.* This special penalty does not apply if a taxpayer chooses not to deduct qualified receipts. This penalty is in addition to other applicable penalties.

Effective July 1, 2007, the double local option tax penalty for failure to correctly report the amount of gross receipts tax on food and medical services was repealed. Taxpayers who paid the double local option tax penalty since it was first imposed on January 1, 2005, can claim a credit prior to July 1, 2010, equal to the amount of the penalty paid. The credit can be applied against gross receipts, compensating or withholding tax liability and any credit that exceeds a taxpayer's liability can be carried forward for up to three years. Please visit the department's website at [www.tax.state.nm.us/](http://www.tax.state.nm.us/) or call your local district tax office for additional information on how to claim this credit.

### **Applying for a Refund**

If you find you have overpaid gross receipts, compensating, withholding, governmental gross receipts, leased vehicle gross receipts or interstate telecommunications gross receipts tax, or leased vehicle surcharge, the procedure to follow to apply for a refund is as follows:

1. Amend the CRS-1 Form for the period or periods in which you overpaid (see below for procedure for amending a report).
2. Complete the Application for Tax Refund (RPD-41071) included in the CRS-1 Filer's Kit or online at: [www.tax.state.nm.us/](http://www.tax.state.nm.us/). On the form state the amount and type of tax you overpaid

and the reason for overpayment. The most common reason for overpayment is neglecting to claim an exemption or deduction to which you are entitled. Be sure to include documentation to support your claim for refund.

You can apply for a refund up to three years after the end of the year in which the payment was due; i.e., if you overpaid on the December 2006 report, you have until December 31, 2010, to apply for a refund of the overpaid amount because that report was due January 25, 2007.

◆ **NOTE:** If the department denies your claim for refund in whole or in part, you may file a protest with the department within 90 days of either mailing or delivery of the denial or file a lawsuit in Santa Fe District Court. If the department does not take action on your claim within 120 days of receiving your claim, you may either refile it if you are within the three-year statute of limitation, or you may file a protest within 90 days from the expiration of the 120 days after you filed the claim with the department. For more information on your remedies, please request FYI-402 from your local district tax office or view it online at [www.tax.state.nm.us/](http://www.tax.state.nm.us/).

◆ **NOTE:** Claims for refund of tribal taxes are to be filed with the department but will be decided by the tribal taxing authority.

### **Amending the CRS-1 Form**

If after filing a CRS-1 Form you find that information supplied on that form was incorrect, you should submit an amended form. When amending the CRS-1 Form, be sure to check the "amended report" box and write in the tax period you are amending. Fill out the form with the information as it should have been filed originally. If you underpaid, be sure to include payment for the difference between what you paid and what you owe. Add penalty and interest on the underpaid amount. If you voluntarily amend a CRS-1 Form (i.e., without receiving an assessment) within 12 months of the original filing of a return and pay any additional tax due, you will not be subject to penalty, but interest will be due.

### **ACCOUNT NOTICES**

While you are a registered CRS taxpayer, you may at some point receive one of the following account notices from the department. Here is a description of them:

#### **Assessment**

We issue an assessment for tax, penalty and interest due. The most common reasons for which the department issues an assessment are:

1. Taxpayer did not include payment with the CRS-1 Form;
2. Taxpayer paid tax at the incorrect rate. Always check the tax rate for your business location on the tax rate schedule as rates may change in January and July of each year;
3. Taxpayer filed the CRS-1 Form late without adding penalty and interest for late filing;
4. The Department audited the taxpayer's books and records

and discovered unreported receipts or disallowed deductions.

Occasionally the department will issue an assessment due to a department encoding error. In these cases the taxpayer has written a check for the correct amount but the department encoded the check for the incorrect amount. For example, a check written for \$100.00 may be encoded for \$10.00. The department then receives only \$10.00 from the taxpayer's bank. The taxpayer should verify on their bank statement that the bank paid the lesser amount, pay the principal amount of the assessment, and enclose a copy of the check showing the department's encoding error. The Department will then abate the penalty and interest amounts on the assessment.

◆ NOTE: The department will issue assessments to non-members of the Santa Clara, Santa Ana, Nambe, Laguna, Sandia, Pojoaque, Cochiti, Kewa, Ohkay Owingeh, Taos and Picuris Pueblos and the Jicarilla Apache Nation with, and on behalf of, the Pueblos and Nation with respect to the tax imposed by these Pueblos and Nation. Tribal officials must approve any abatement, closing agreement or installment agreement associated with the assessment.

### Notice of Billing

We issue Notices of Billing the month after issuing an assessment if we have not received payment for that assessment.

◆ NOTE: If you receive an assessment, pay it and then receive a Notice of Billing, don't panic. Your payment probably was not processed in time to clear your account. If you receive a second Notice of Billing for that same assessment, you should contact your local district tax office listed inside the front cover of the CRS-1 Filer's Kit.

### Non-Filer Notice

We issue a Non-Filer Notice to a taxpayer with an active ID number who has not filed a CRS-1 Form for a report period. New Mexico statute requires taxpayers with active ID numbers to file for each reporting period whether or not they have any receipts.

◆ NOTE: To clear your account of non-filed periods, file CRS-1 Forms for all non-filed periods. If you are no longer in business, you should cancel your ID number as of the date your business closed using the Business Tax Registration Update (ACD-31075) included in the CRS-1 Filer's Kit.

### Provisional Assessment

Under the automated collection system, the Department can issue Provisional Assessments after we issue a Non-Filer Notice. The amount of the assessment may be based on past amounts paid, or an amount based on industry comparables for the taxpayer's type of business as reported on the registration application.

### Notification of Overpayment

We issue Notifications of Overpayment to taxpayers whose accounts show a credit of at least \$25.

Occasionally the Department will issue a Notification of Overpayment due to a Department encoding error. In these cases the taxpayer has written a check for the correct amount but the Department encoded the check for the incorrect amount. For

example, a check written for \$10.00 may be encoded for \$100.00. The Department then receives \$100.00 from the taxpayer's bank. To recoup the overpayment, the taxpayer should complete the *Application for Tax Refund* (RPD-41071) and enclose a copy of the relevant bank statement so the Department can verify that the bank paid the higher amount.

## RESPONSES TO COMMON QUESTIONS AND CONCERNS OF CRS TAXPAYERS

### I didn't receive my CRS-1 Forms in the mail!

It is the taxpayer's responsibility to obtain forms. If the filing deadline is approaching or has arrived and you do not have a current CRS-1 Form, you can file online at <https://efile.state.nm.us/uls/default.aspx>. If filing online is not an option for you, you should file using an old CRS-1 Form. The most common reason taxpayers do not receive their forms in the mail is they have changed their address without notifying the Department. File a *Business Tax Registration Update Form* (ACD-31075) to notify us of any address change. The *Business Tax Registration Update Form* is included in the CRS-1 Filer's Kit. Blank CRS-1 Forms and *Business Tax Registration Update* (ACD-31075) are available at your local district tax office and online: [www.tax.state.nm.us/trd\\_form.htm](http://www.tax.state.nm.us/trd_form.htm).

### I overpaid in one report period. Can I take a credit for the overpayment on a subsequent report?

**No.** You must amend your CRS-1 Form for the period in which you overpaid and apply for a refund. (See procedures for amending and requesting refunds on page 22.)

### How do I separate ("back out") gross receipts tax from total gross receipts?

See the following examples of how to separate the gross receipts tax:

1) To separate tax from total receipts at the end of the report period, first subtract deductible and exempt receipts, and then divide total receipts including the tax for the report period by one plus the applicable gross receipts tax rate. For example, if your tax rate is 5.5% and your total receipts including tax are \$1,055.00 with no deductions or exemptions, divide \$1,055.00, by 1.055. The result is your gross receipts without tax (to enter in Column E of the CRS-1 Form) or \$1,000.

2) If your tax rate is 5.5% and your total receipts including tax are \$1,055.00, and included in that figure are \$60 in deductions and another \$45 in exemptions:

a) Subtract \$105 (the sum of your deductions and exemptions) from \$1,055. The remainder is \$950. This figure still includes the tax you have recovered from your buyers.

b) Divide \$950 by 1.055 (1 plus the 5.5% tax rate). The result is \$900.47.

c) In Column E enter the sum of \$900.47 plus \$60 (the amount of deductible receipts)\*, or \$960.47. This figure is your gross receipts excluding tax.

\* Unlike exemptions, deductions must be reported on the CRS-1 Form and therefore must be included in the amount reported in Column D and then listed separately in Column E.

Information on exemptions and deductions begins on page 4.

### **How do I get a copy of my registration or past CRS-1 Forms?**

You must make the request in writing and include your ID Number and current address. Allow 6 to 8 weeks for us to process the request. You may also review your account history by using the Taxpayer Access Point at <https://tap.state.nm.us/>.

### **Why do I get so much mail from the department?**

Many of the Department's billings are computer-generated and sent out automatically, so it's possible that your payment and our notices have "crossed" in the mail. Sometimes, by the time we receive payments, it's too late to prevent the next round of computer-generated letters from going out. Call your local tax office to confirm the status of your account or review your account history at <https://tap.state.nm.us/>.

### **How long am I required to retain my CRS records?**

New Mexico statute permits the department to assess back 10 years, depending on the situation. The normal assessment period is 3 years back from the end of the year the tax was due. If you have under-reported any one tax on the CRS-1 Form by more than 25%, the department may assess back 6 years. If you have nonfiled reports, the department may assess back 7 years. If there is evidence of tax fraud, the department may assess back 10 years.

### **If I currently have an identification number from the Taxation and Revenue Department as a registered proprietorship (i.e. sole owner) and later decide to incorporate, may I continue to use this number?**

**No.** You must cancel the identification number issued to you as a proprietorship and apply for a new identification number as a corporation. The incorporation of a business qualifies as a change in form of ownership. Upon applying for your identification number, you should indicate your date of incorporation as the "start business date" on the *Application for Business Tax Identification Number* (ACD-31015) for the new number.

### **When I am issued a new identification number, what are my NTTC (nontaxable transaction certificate) requirements when: 1) I execute NTTCs to my vendors and 2) I receive NTTCs from my customers?**

- 1) Under your new identification number, apply for new NTTCs and execute them with your vendors.
- 2) For transactions after you are issued a new identification number all NTTCs you receive from your customers should reflect your new identification number. Maintain all NTTCs you have previously received in case you need to provide documentation to support any deductions taken before your identification number changed.

You should return to the department or destroy any unused NTTCs issued by the Department to you under your old identification number.

### **I have previously filed my CRS-1 Form online and wish to do so again but I have forgotten my password. What should I do?**

On the login screen of the CRS-WebFile system select "Forgotten Password Help". The system will ask you a series of security questions and then provide you with your password.

### **How do I file my CRS-1 Forms online?**

You can access our CRS-1 Form online filing program by following the steps below:

- **Go** to the Taxation and Revenue Department's web site at [www.tax.state.nm.us/](http://www.tax.state.nm.us/).
- **Click** on "Electronic Services".
- **Choose** CRS-NET filing. The prompts will lead you through the registration and filing process.
- **Note:** You must have filed at least one paper return prior to using the online system.

### **I have attempted to file my CRS-1 Form electronically and have received an error. Whom do I contact to resolve this?**

Please contact our CRS Unit at (505) 827-0832 or our Web Page Help Desk by e-mail at [nmwebfile@state.nm.us](mailto:nmwebfile@state.nm.us).

### **When I file my CRS-1 Form electronically do I have to pay right away?**

No. You can choose to file your CRS-1 Form electronically and at a later time submit payment to the Department by mail. Be aware that all due dates remain the same whether you file electronically or not.

### **What options do I have when paying my CRS taxes online?**

When filing your CRS-1 Forms online you can pay your tax using one of the following methods:

- Payment by credit card (VISA, MasterCard or American Express only).\*
- Payment by electronic check.
- Payment by an approved special payment method. (For more information on special payment methods and due dates, request FYI-401 from your local district tax office or view it online: [www.tax.state.nm.us/](http://www.tax.state.nm.us/).)

\* A 2.49% convenience fee will be imposed on all credit card payments made.

### **Can I file an amended return online?**

No. At this time our online system cannot process an amended return. You should file any necessary amendments by filing a paper CRS-1 Form. (See procedures for amending a return on page 22).

### **Our phone number and e-mail address of record has changed due to employee turnaround. How do we make these changes for online filing?**

You can make these changes by editing your profile using the CRS-WebFile system. To edit your profile, enter your CRS Identification Number on the logon screen and click on registered user. On the next screen page you will see an option to Edit Your Profile. Make this selection and follow the instructions provided.



# GENERAL INFORMATION FOR NEW MEXICO WITHHOLDING TAX

New Mexico withholding tax is similar to federal withholding tax. It is based on an estimate of an employee's New Mexico income tax liability and is credited against the employee's actual income tax liability on the New Mexico personal income tax return.

## Who Must Withhold

Every employer, including employers of some agricultural workers, who withholds a portion of an employee's wages for payment of federal income tax must withhold New Mexico income tax. There is a limited exception for certain nonresident employees. (See Note 2 below.)

"Employer" means a person doing business in New Mexico or deriving income from New Mexico sources who pays wages to an employee for services performed.

"Employee" means a New Mexico resident who performs services either within or without the state for an employer, or a nonresident of New Mexico who performs services within the state or an employer.

"Wages" means remuneration in cash or other form for services performed by an employee for an employer.

Notes: 1) Pension and annuity income of a New Mexico resident is subject to income tax in New Mexico, but New Mexico does not require payers to withhold state income tax on pensions and annuities unless the payee requests the payer of their retirement benefits to withhold state tax. To report withholding tax, a payer must be registered with the state under the Combined Reporting System (CRS).

2) Employers are not required to withhold New Mexico income tax from wages of nonresident employees working in New Mexico for 15 or fewer days during the calendar year.

3) Persons who are self-employed should not report withholding tax on their wages. Self-employed individuals should make estimated payments using the Form PIT-ES.

## Amount to Withhold

Refer to the New Mexico State Wage Withholding Tables for the amount to withhold. Percentage method tables are included in this kit. Look-up tables may be requested from your local district tax office listed inside the front cover of this kit, by calling the Forms Order Line at (505) 827-2206 or online at [www.tax.state.nm.us/](http://www.tax.state.nm.us/). No withholding is required if the total withholding for an employee during any one month is less than one dollar. For New Mexico residents the employer is required to withhold New Mexico income tax from all wages of the employee regardless of the employee's work location. For nonresident employees, the employer is required to withhold New Mexico income tax only from wages the employee earns within the state. Refer to above definitions of "employer," "employee" and "wages" to determine if withholding tax is required.

## Withholding on Gambling Winnings

Operators, including nonprofit entities, of gambling establishments (race-tracks, casinos, state lottery, bingo) must withhold 6% from winnings or submit information returns for state purposes if they are required to withhold or report for federal purposes. Operators must report and pay over the amount of state tax withheld from gambling winnings on the CRS-1 Form. Withholding is required for both residents and nonresidents.

## Withholding Tax Reporting Forms

Every person who has withheld state tax during the year from wages, pensions, annuities or gambling winnings is required to file an annual statement of withholding on or before the last day of February for each employee, pension or annuity recipient, or gambling winner. New Mexico

accepts the state copy of Federal Form W-2, W2-G, 1042-S, Foreign Person's U.S. Source Income Subject to Withholding and 1099R, a magnetic tape containing this information, or any substitute form acceptable to the Internal Revenue Service so long as it reflects the withholders name, address and identification number, the recipient's name and social security number, and the amount of New Mexico income and withholding. If you, as an employer, have established a medical care savings account program for your employees, it is your responsibility to determine what amounts are exempt from taxation. Reduce the New Mexico taxable wages reported on Federal Form W-2 by amounts established by the employer (or account administrator) as exempt from income tax.

## Annual Reconciliation

New Mexico withholding taxpayers may file Form RPD-41072, Annual Summary of Withholding Tax For CRS-1 Filers. The report is available for taxpayers use but is not required to be filed. This report will allow you to reconcile the total amounts shown as withheld on annual statements of withholding information returns furnished to withholders (Federal Forms W-2, W-2G or 1099R) with the total tax withheld and paid to New Mexico on return CRS-1. If you have underreported withholding on your CRS-1 returns, attach amended returns for the period(s) in which underreporting occurred and remit the difference. If you have overpaid withholding on your CRS-1 returns, attach Form RPD-41071, Application for Refund (included in this kit) and amended returns for the period(s) in which overpayments occurred.

## How and When To Report and Pay Withholding Taxes

You should report withholding, gross receipts and compensating taxes on the CRS-1 Form or file online at [www.tax.state.nm.us](http://www.tax.state.nm.us), selecting "CRS-NET" on the Resources menu on the home page. The CRS-1 Form and tax are due on the 25th of the month following the end of your reporting period. If the 25th falls on a Saturday, Sunday or legal holiday, the CRS-1 Form is due the next business day. We look at the postmark on the envelope to determine if the paper return was filed on time. A CRS-1 Form must be filed whether or not any tax is due. If no tax is due, file a "zero" report. Do not mail cash.

Taxpayers who need to file withholding information with the Department of Workforce Solutions and the Workers Compensation Administration may do so online at <https://efile.state.nm.us/uls/default.aspx>.

NOTE: Reporting withholding information to the Department of Workforce Solutions and the Workers Compensation Administration does not fulfill your obligation to report and pay withholding tax to the Taxation and Revenue Department. Taxpayers must still file and pay using one of the methods described in the above paragraph.

If you change your business name or address or need to cancel your CRS I.D. number, use the *Business Tax Registration Update Form* (ACD-31075) included in this kit and available from your local district office or online at [www.tax.state.nm.us/](http://www.tax.state.nm.us/). Your reporting obligation does not cease automatically when you stop doing business or paying wages. You must notify us to cancel your CRS I.D. number.

Child support withholding is NOT reported on the CRS-1 Form. For information about child support withholding contact the Human Services Department at 505-827-7200.

You can use either the percentage method for calculating state withholding tax or check the look-up tables. For both methods the same definitions, steps and procedures that apply in calculating federal income tax withholding apply to state withholding. If you use the cumulative method of withholding for federal withholding, you may use this same method for state withholding.

# NEW MEXICO STATE WAGE WITHHOLDING TABLES

For pay periods beginning on or after July 1, 2010

**NOTE: If you prefer to use the look-up table method to determine amounts to withhold, look-up tables are available from your local district tax office, by calling the Forms Order Line at (505) 827-2206, or online at [www.tax.state.nm.us/](http://www.tax.state.nm.us/)**

## Percentage Method Withholding

Use these steps to figure the state tax to withhold using the percentage method:

**Step 1.** Multiply the number of exemption allowances the employee claims on federal Form W-4 (see "For Further Information" on the next page) by the allowance adjustment amount in the table below for the appropriate payroll period.

**Step 2.** Subtract that amount from the employee's taxable wage. The taxable wage for state purposes is the same as for federal tax purposes; that is, after deduction of nontaxable premiums or contributions to qualified employer-sponsored benefit plans.

**Step 3.** Determine the amount to withhold from the appropriate tax table based on the payroll period and on whether the employee is married or single.

**Example:** A single employee has taxable wages of \$500.00 weekly. This employee has claimed two (2) exemption allowances on federal Form W-4 (one personal allowance and the special withholding allowance). The state withholding tax would be figured as follows:

### Table of Exemption Allowance Adjustments

1. Taxable weekly wage payment	\$500.00
2. Weekly allowance adjustment amount	\$70.19
3. Total allowances claimed	<u>2</u>
4. Line 2 times line 3, allowance adjustment	<u>\$140.38</u>
5. Wages less allowance adjustment (subtract line 4 from line 1)	\$359.62
6. a. Tax on first \$347, from Table 1, single person, from line "\$347 and over":	\$ 9.70
b. Tax on remainder: \$359.62 less \$347 = \$12.62 x .049	<u>\$ .62</u>
c. Total state withholding tax on weekly wage payment (line 6a plus line 6b)	\$ 10.32

PAYROLL PERIOD	ONE ALLOWANCE
Weekly	\$70.19
Biweekly	\$140.38
Semimonthly	\$152.08
Monthly	\$304.17
Quarterly	\$912.50
Semiannual	\$1,825.00
Annual	\$3,650.00
Daily or Miscellaneous (each day of payroll period)	\$14.04

## Withholding from Irregular or Supplemental Wages or Fringe Benefits

The same method used for calculating federal withholding on irregular or supplemental wages should be used for state withholding. If you use the cumulative method of withholding for federal withholding, you may use this same method for state withholding. If you withhold from fringe benefits for federal purposes, you must also withhold from fringe benefits for state purposes using the same method used for calculating federal withholding. If the federal withholding is calculated using a flat percent, a flat 4.9 percent of the supplemental wage or fringe benefit amount should be withheld for state tax purposes.

**NOTE: In the case of a married employee who has elected to be withheld at the higher single rate for federal purposes, the single rate for New Mexico state withholding purposes must also be used.**

## Special Situations

Generally, if an employee's withholding is correct for federal purposes, it will be correct for state income tax purposes, but there are certain situations in which an employee may be correctly withheld for federal purposes but underwithheld for state purposes:

1. If the employee claimed the special allowance for head-of-household filing status on Form W-4 Withholding Allowances Worksheet (line E).
2. If the employee increased W-4 allowances to offset expected federal tax credits such as the Child Tax Credit or credits for child or dependent care expenses.
3. If the employee requested that additional amounts be withheld for federal purposes (see federal Form W-4, line 6).

There are also situations where individuals may have income that is subject to federal taxation but exempt for New Mexico. In these situations New Mexico withholding on the exempt income would not be necessary. Examples of income exempt from New Mexico tax are:

1. Income of a Native American who is a member of a New Mexico federally recognized Indian nation, tribe or pueblo that was wholly earned on the lands of the reservation or pueblo of which the individual is an enrolled member while domiciled on that land, reservation or pueblo.
2. Income from active duty military service.

Please see "For Further Information" on the next page for specific instructions on how to eliminate New Mexico withholding on exempt income.

Employment may require some New Mexico residents to spend extensive time in another state with an income tax that is comparable to the New Mexico income tax. Residents of New Mexico are generally subject to New Mexico income tax on all of their income, but if that income is also taxed by another state New Mexico allows a credit for the other state's income tax on that income. The wages earned during an extensive period spent in another state may be subject to income tax, and therefore withholding tax, imposed by the other state as well as to New Mexico income tax and withholding tax. The New Mexico income tax on those wages will be reduced, possibly to zero, by the credit allowed for the income tax on the wages paid to the other state. New Mexico withholding tax can be reduced or eliminated on such wages. To reduce or eliminate withholding on such wages, taxpayers may increase the number of exemption allowances on their Form W-4 for New Mexico withholding tax.

## Additional Withholding Amounts

Many employees request additional amounts be withheld for federal purposes (see Form W-4, line 6), but very few consider additional withholding for state purposes. The recommended level of additional withholding for state tax purposes is one-quarter (25%) of any additional federal withholding amount.

## For Further Information

If employees express concern over the number of withholding allowances they have claimed, you may recommend that they obtain the following publications:

- Federal Internal Revenue Service Form W-4, Employee's Withholding Allowance Certificate. (New Mexico does not have a state equivalent of the federal W-4 form. Employees should complete a copy of the federal W-4 for New Mexico, writing "For New Mexico State Withholding Only" across the top in prominent letters. Keep the New Mexico W-4 in the employee's personnel file. The employee may choose a different number of allowances for state withholding than for federal withholding. This duplicate W-4 is not mandatory. It is a convenience for employer and employee. Employees who have income that is exempt from New Mexico tax (for example, Native Americans working and living on their tribal land; military members with income from active duty military service) should not have New Mexico tax withheld. Employees with exempt income should indicate "exempt" on line 7 of the federal W-4 form.)
- Federal Internal Revenue Service Publication 919, Is My Withholding Correct? (Call 1-800-829-3676 to order this publication.)



**New Mexico State Wage Withholding Tax**  
**Tables for Percentage Method of Withholding**  
(For wages paid on or after July 1, 2010)

**TABLE 1 - If the Payroll Period with Respect to an Employee is WEEKLY**

Exemption Adjustment = \$70.19 per Allowance

**(a) SINGLE person - including head of household:**

If the amount of wages less adjustments is:      The amount of state tax to be withheld shall be:

Not over \$39					\$0
Over -				of excess over -	
39	\$	145	\$	1.7%	\$ 39
145	\$	251	\$ 1.80 +	3.2%	\$ 145
251	\$	347	\$ 5.18 +	4.7%	\$ 251
347		and over	\$ 9.70 +	4.9%	\$ 347

**(b) MARRIED person**

If the amount of wages less adjustments is:      The amount of state tax to be withheld shall be:

Not over 149					\$0
Over -				of excess over -	
149	-	\$ 303		1.7%	\$ 149
303	-	\$ 457	\$ 2.62 +	3.2%	\$ 303
457	-	\$ 611	\$ 7.54 +	4.7%	\$ 457
611	-	and over	\$ 14.77 +	4.9%	\$ 611

**TABLE 2 - If the Payroll Period with Respect to an Employee is BIWEEKLY**

Exemption Adjustment = \$140.38 per Allowance

**(a) SINGLE person - including head of household:**

If the amount of wages less adjustments is:      The amount of state tax to be withheld shall be:

Not over \$79					\$0
Over -				of excess over -	
79	-	\$ 290		1.7%	\$ 79
290	-	\$ 502	\$ 3.60 +	3.2%	\$ 290
502	-	\$ 694	\$ 10.37 +	4.7%	\$ 502
694	-	and over	\$ 19.40 +	4.9%	\$ 694

**(b) MARRIED person**

If the amount of wages less adjustments is:      The amount of state tax to be withheld shall be:

Not over \$298					\$0
Over -				of excess over -	
298	-	\$ 606		1.7%	\$ 298
606	-	\$ 913	\$ 5.23 +	3.2%	\$ 606
913	-	\$ 1,221	\$ 15.08 +	4.7%	\$ 913
1,221	-	and over	\$ 29.54 +	4.9%	\$ 1,221

**TABLE 3 - If the Payroll Period with Respect to an Employee is SEMIMONTHLY**

Exemption Adjustment = \$152.08 per Allowance

**(a) SINGLE person - including head of household:**

If the amount of wages less adjustments is:      The amount of state tax to be withheld shall be:

Not over \$85					\$0
Over -				of excess over -	
85	-	\$ 315		1.7%	\$ 85
315	-	\$ 544	\$ 3.90 +	3.2%	\$ 315
544	-	\$ 752	\$ 11.23 +	4.7%	\$ 544
752	-	and over	\$ 21.02 +	4.9%	\$ 752

**(b) MARRIED person**

If the amount of wages less adjustments is:      The amount of state tax to be withheld shall be:

Not over \$323					\$0
Over -				of excess over -	
323	-	\$ 656		1.7%	\$ 323
656	-	\$ 990	\$ 5.67 +	3.2%	\$ 656
990	-	\$ 1,323	\$ 16.33 +	4.7%	\$ 990
1,323	-	and over	\$ 32.00 +	4.9%	\$ 1,323

**TABLE 4 - If the Payroll Period with Respect to an Employee is MONTHLY**

Exemption Adjustment = \$304.17 per Allowance

**(a) SINGLE person - including head of household:**

If the amount of wages less adjustments is:      The amount of state tax to be withheld shall be:

Not over \$171					\$0
Over -				of excess over -	
171	-	\$ 629		1.7%	\$ 171
629	-	\$ 1,088	\$ 7.79 +	3.2%	\$ 629
1,088	-	\$ 1,504	\$ 22.46 +	4.7%	\$ 1,088
1,504	-	and over	\$ 42.04 +	4.9%	\$ 1,504

**(b) MARRIED person**

If the amount of wages less adjustments is:      The amount of state tax to be withheld shall be:

Not over \$646					\$0
Over -				of excess over -	
646	-	\$ 1,313		1.7%	\$ 646
1,313	-	\$ 1,979	\$ 11.33 +	3.2%	\$ 1,313
1,979	-	\$ 2,646	\$ 32.67 +	4.7%	\$ 1,979
2,646	-	and over	\$ 64.00 +	4.9%	\$ 2,646

**New Mexico State Wage Withholding Tax  
Tables for Percentage Method of Withholding**  
(For wages paid on or after July 1, 2010)

**TABLE 5 - If the Payroll Period with Respect to an Employee is QUARTERLY**

Exemption Adjustment = \$912.50 per Allowance

**(a) SINGLE person - including head of household:**

If the amount of wages less adjustments is:      The amount of state tax to be withheld shall be:

Not over \$513 . . . .		\$0	
Over -	But not over -	of excess over -	
\$ 513 -	\$ 1,888	1.7%	\$ 513
\$ 1,888 -	\$ 3,263	3.2%	\$ 1,888
\$ 3,263 -	\$ 4,513	4.7%	\$ 3,263
\$ 4,513 -	and over	4.9%	\$ 4,513
		\$ 23.38 +	\$ 126.13 +

**(b) MARRIED person**

If the amount of wages less adjustments is:      The amount of state tax to be withheld shall be:

Not over \$1,938 . . . .		\$0	
Over -	But not over -	of excess over -	
\$ 1,938 -	\$ 3,938	1.7%	\$ 1,938
\$ 3,938 -	\$ 5,938	3.2%	\$ 3,938
\$ 5,938 -	\$ 7,938	4.7%	\$ 5,938
\$ 7,938 -	and over	4.9%	\$ 7,938
		\$ 34.00 +	\$ 98.00 +
			\$ 192.00 +

**TABLE 6 - If the Payroll Period with Respect to an Employee is SEMIANNUAL**

Exemption Adjustment = \$1,825.00 per Allowance

**(a) SINGLE person - including head of household:**

If the amount of wages less adjustments is:      The amount of state tax to be withheld shall be:

Not over \$1,025 . . . .		\$0	
Over -	But not over -	of excess over -	
\$ 1,025 -	\$ 3,775	1.7%	\$ 1,025
\$ 3,775 -	\$ 6,525	3.2%	\$ 3,775
\$ 6,525 -	\$ 9,025	4.7%	\$ 6,525
\$ 9,025 -	and over	4.9%	\$ 9,025
		\$ 46.75 +	\$ 134.75 +
			\$ 252.25 +

**(b) MARRIED person**

If the amount of wages less adjustments is:      The amount of state tax to be withheld shall be:

Not over \$3,875 . . . .		\$0	
Over -	But not over -	of excess over -	
\$ 3,875 -	\$ 7,875	1.7%	\$ 3,875
\$ 7,875 -	\$ 11,875	3.2%	\$ 7,875
\$ 11,875 -	\$ 15,875	4.7%	\$ 11,875
\$ 15,875 -	and over	4.9%	\$ 15,875
		\$ 68.00 +	\$ 196.00 +
			\$ 384.00 +

**TABLE 7 - If the Payroll Period with Respect to an Employee is ANNUAL**

Exemption Adjustment = \$3,650.00 per Allowance

**(a) SINGLE person - including head of household:**

If the amount of wages less adjustments is:      The amount of state tax to be withheld shall be:

Not over \$2,050 . . . .		\$0	
Over -	But not over -	of excess over -	
\$ 2,050 -	\$ 7,550	1.7%	\$ 2,050
\$ 7,550 -	\$ 13,050	3.2%	\$ 7,550
\$ 13,050 -	\$ 18,050	4.7%	\$ 13,050
\$ 18,050 -	and over	4.9%	\$ 18,050
		\$ 93.50 +	\$ 269.50 +
			\$ 504.50 +

**(b) MARRIED person**

If the amount of wages less adjustments is:      The amount of state tax to be withheld shall be:

Not over \$7,750 . . . .		\$0	
Over -	But not over -	of excess over -	
\$ 7,750 -	\$ 15,750	1.7%	\$ 7,750
\$ 15,750 -	\$ 23,750	3.2%	\$ 15,750
\$ 23,750 -	\$ 31,750	4.7%	\$ 23,750
\$ 31,750 -	and over	4.9%	\$ 31,750
		\$ 136.00 +	\$ 392.00 +
			\$ 768.00 +

**TABLE 8 - If the Payroll Period with Respect to an Employee is DAILY or MISCELLANEOUS**

Exemption Adjustment = \$14.04 per Allowance

**(a) SINGLE person - including head of household:**

If the amount of wages less adjustments is:      The amount of state tax to be withheld shall be:

Not over \$7.90 . . . .		\$0	
Over -	But not over -	of excess over -	
\$ 7.90 -	\$ 29.00	1.7%	\$ 7.90
\$ 29.00 -	\$ 50.20	3.2%	\$ 29.00
\$ 50.20 -	\$ 69.40	4.7%	\$ 50.20
\$ 69.40 -	and over	4.9%	\$ 69.40
		\$ 0.36 +	\$ 1.04 +
			\$ 1.94 +

**(b) MARRIED person**

If the amount of wages less adjustments is:      The amount of state tax to be withheld shall be:

Not over \$29.80 . . . .		\$0	
Over -	But not over -	of excess over -	
\$ 29.80 -	\$ 60.60	1.7%	\$ 29.80
\$ 60.60 -	\$ 91.30	3.2%	\$ 60.60
\$ 91.30 -	\$ 122.10	4.7%	\$ 91.30
\$ 122.10 -	and over	4.9%	\$ 122.10
		\$ 0.52 +	\$ 1.51 +
			\$ 2.95 +

## BUSINESS TAX REGISTRATION UPDATE

PLEASE TYPE OR PRINT IN BLACK INK - Instructions on reverse

[illegible]

This business tax registration update is to be used for the following tax programs: Gross Receipts, Compensating, Withholding, Workers Compensation Fee, Gasoline, Special Fuels, Cigarette, Tobacco Products, Severance, Resource, Water Producers and Gaming Activities. All attachments must contain the business name and New Mexico Taxation and Revenue Department Identification Number (NM TRD ID#). Should you need assistance completing this update, please contact the Department at one of the offices listed below.

**COMPLETE ONLY THE AREAS TO BE UPDATED OR CHANGED** – If the ownership of a proprietorship has changed, a new NM TRD ID# is required (i.e. A proprietorship has now become a corporation; a different family member is now taking ownership of the family business, etc). If the ownership of a partnership has changed (i.e. a partner is no longer involved or you wish to add a partner) a new NM TRD ID# is required.

#### CURRENT INFORMATION

1. Provide the New Mexico Taxation and Revenue Department Identification Number (NM TRD ID#)
2. Provide the Federal Employer Identification Number (FEIN) if applicable. If the FEIN has changed as a result of an ownership change, a new NM TRD ID# is required.
3. Provide the current business name and name the business is Doing Business As (DBA) (as it appears on Taxation and Revenue Department records before the change is made).

#### NEW INFORMATION

4. Enter the name you are DOING BUSINESS AS if applicable.
5. Change the business registration status to ACTIVE or CLOSED. Circle one. Provide an effective date for the status change.
6. Change the Business Start Date if the date originally indicated is incorrect and no business activity has occurred.
7. Change as needed the Business Name, DBA, Business Phone Number and Extension, Other Phone Number, Mailing Address, Business Location Address and add any other physical locations. (Attach additional pages if necessary). **Complete ONLY items that have changes.**
8. Check Yes or No. Every employer, including employers of some agricultural workers, who withhold a portion of an employee's wages for payment of federal income tax, must withhold NM income tax..
9. Check the box to Add or Delete the Workers' Compensation Fee status. Provide an effective date when you become (or plan to become) a covered employer or are no longer subject to the fee. For more information contact the Workers' Compensation Administration at (505) 841-6000 or [www.workerscomp.state.nm.us](http://www.workerscomp.state.nm.us).
10. Seasonal Businesses only – When the business is engaged in business activity outside the Business Season, the entity is no longer a Seasonal Business. Indicate the new Business Season for a seasonal business only.
11. Request to change the CRS filing Status to Monthly, Quarterly, or Semi-annually. Please be guided by the following filing status requirements:
  - a) Monthly – due by the 25th of the following month if combined taxes due average more than \$200 per month or if you wish to file monthly regardless of the amount due. Monthly periods are from the 1st of each month to the last day of each month.
  - b) Quarterly- due by the 25th of the month following the end of the quarter if combined taxes due for the quarter are less than \$600 or an average of less than \$200 per month in the quarter. Quarters are January 1st - March 31st; April 1st – June 30th ; July 1st – September 30th ; October 1st – December 31st.
  - c) Semiannual due by the 25th of the month following the end of the 6-month period if combined taxes due are less than \$1,200 for the semiannual period or an average less than \$200 per month for the 6 month period. Semiannual periods are January 1st - June 30th; July 1st – December 31st.
12. Add or Delete the business activity in which the business is engaged. More than one business activity can be selected. Please describe all business activities that are "added". If you are unsure as to your entity's business classification, please contact one of offices listed below.
13. Briefly describe the nature of the type(s) of business in which you will be engaging. The lack of information may affect the type of NTTC for which you qualify.
14. Add or Delete the Federal Employer Identification Number (FEIN), issued by the Internal Revenue Service. If the FEIN has changed as a result of an ownership change, a new NM TRD ID# is required.
15. Liquor License Type/No. - Add, Delete or Change the Liquor License Type/No. issued by the Alcohol and Gaming Division of the Regulation and Licensing Department.
16. Public Regulation Commission No. – Add, Delete or Change the Public Regulation Commission No. issued by the Public Regulation Commission.
17. RLD Contractor's License No. – Add, Delete, or Change the License Number issued by the Construction Industries Division of the Regulation and Licensing Department.
18. Special Tax Registration information – Add or Delete an activity, which qualifies for Special Tax purposes. A Special Tax Registration form must be completed when adding an activity. Taxpayers selling, leasing, or transferring a liquor license should request a letter of no objection from the Taxation & Revenue Department.
19. Check this box if you are closing a business. Proprietorships may want to request a Letter of Good Standing from the Department to verify that there are no outstanding liabilities or non-filed reports for the business you are closing. Corporations dissolving or withdrawing from doing business in New Mexico should request a Corporate Certificate of No Tax Due and contact the Public Regulation Commission. Purchasers/Lessee's (Successor in Business) of a business, license, or permit may also request a Certificate of No Tax Due to ensure they are not liable for any taxes due the Department by the seller or lessor. A Request for Tax Clearance or Letter of Good Standing can be downloaded at [www.tax.state.nm.us/](http://www.tax.state.nm.us/). For additional information, please contact one of the offices listed below.
20. You may **update** an owner's or partner's address, telephone number, or e-mail address. You may add, change, or delete Corporate Officers, Association Member, or Shareholders and their corresponding address, telephone number or e-mail address. If you are unsure if a new NM TRD ID# is required, please contact the Department at one of the offices listed below. Note: When ownership has changed, a new NM TRD ID# must be obtained.
21. The registration update should be signed by an Owner, Partner, Corporate Officer, Association Member, Shareholder, or authorized representative.

Return this form and all attachments to one of the offices listed below.

**Taxation & Revenue Department**  
Manuel Lujan Sr. Building  
1200 South St. Francis Dr.  
PO Box 5374  
Santa Fe, NM 87502-5374  
(505) 827-0951

**Taxation & Revenue Department**  
5301 Central NE  
PO Box 8485  
Albuquerque, NM 87198-8485  
(505) 841-6200

**Taxation & Revenue Department**  
2540 El Paseo, Bldg #2  
PO Box 607  
Las Cruces, NM 88004-0607  
(575) 524-6225

**Taxation & Revenue Department**  
400 N. Pennsylvania, Ste. 200  
PO Box 1557  
Roswell, NM 88202-1557  
(575) 624-6065



STATE OF NEW MEXICO - TAXATION AND REVENUE DEPARTMENT

**APPLICATION FOR REFUND**

**Who Must File this Form.** This form may be used to apply for a refund of most tax, fees or surcharges paid to the New Mexico Taxation and Revenue Department. To obtain a refund, you are generally required to complete this form or submit a letter with substantially the same information. If your refund claim is the result of overstating the tax due on a previously filed income tax, estate tax or oil and gas tax return *and* you are filing an amended return, you do not need to attach an application for tax refund. A complete amended return is sufficient to support a valid claim for tax refund. Other exceptions to filing Form RPD-41071, *Application for Refund*, are listed in the instructions.

**How to File this Form.** A valid claim for refund requires all information requested on this form. You must enter the primary taxpayer identification number required by the New Mexico form and indicated on the return or payment. "Basis for refund" means a brief statement of the facts and the law on which the claim is based. The basis for refund must explain why the overpayment was made. Do not merely enter the word "overpayment". Attach a letter of explanation if the space provided is insufficient. See *Other Required Attachments* in the instructions. This *Application for Refund* must be signed by the taxpayer or the taxpayer's authorized agent. An incomplete or inaccurate application may cause the Department to invalidate your refund claim and return the application to you without action.

*To apply all or any part of your refund to another report period, liability or another tax or fee program, please state in detail the report period, liability or other tax or fee program to which you wish to apply the refund.*

Taxpayer identification no. (Mandatory)	
Name	
Mailing address	
City, state, ZIP code	
Contact name	Phone number

I hereby certify that the State of New Mexico was overpaid the sum of \_\_\_\_\_

dollars (\$ \_\_\_\_\_) in \_\_\_\_\_ taxes, for the period(s) \_\_\_\_\_ to \_\_\_\_\_  
(type of tax)

Basis for refund: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

*I declare that the information reported on this form and any attached supplements is true and correct.*

Signature of taxpayer or agent \_\_\_\_\_ Title \_\_\_\_\_ Date \_\_\_\_\_

Type or print name \_\_\_\_\_ Phone \_\_\_\_\_

**Return this form and attachments to the Taxation and Revenue Department,  
P.O. Box 630, Santa Fe, New Mexico 87504-0630.**

## Request for Direct Deposit

**If you are requesting a refund of tax, fees or surcharges paid to the New Mexico Taxation and Revenue Department for any of the programs listed below and would like your refund deposited directly into your bank account, complete the following information. Note: If the information below is incomplete or incorrect, your refund will be mailed.**

Combined Report System Taxes (CRS), Personal Income Tax, Corporate Income and Franchise Tax, Oil and Gas Proceeds Withholding Tax, Enhanced 911 Surcharge, Telecommunication Relay Service Surcharge, Water Conservation Fee, and Workers' Compensation Fee.

[illegible]

**FOR DEPARTMENT USE ONLY**

I have analyzed the records of the Taxation and Revenue Department on \_\_\_\_\_, 20\_\_\_\_\_  
and have verified the amount of tax overpayment. I hereby certify that a tax refund is due as claimed according to Section 7-1-26  
NMSA 1978. The amount of overpayment is for the following taxes:

TAX PROGRAM	AMOUNT
1.	\$
2.	
3.	
Total interest to be refunded	
Total amount to be refunded	\$

Claim number
Serial number
Warrant number

Analysis of reason for overpayment:

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Valid overpayment: ☐ YES ☐ NO ☐ Need additional information Credit amount \$

Amended returns on file:    ☐ YES    ☐ NO    ☐ N / A                      Credit key

Date requested \_\_\_\_\_

Documents supporting this refund are on file:	
I recommend refund:	
Initiated by	
Section supervisor	Date
Bureau chief	Date

GENERAL APPROVAL
Secretary or Delegate
IF REQUIRED
Attorney General's Office

STATE OF NEW MEXICO - TAXATION AND REVENUE DEPARTMENT

**APPLICATION FOR REFUND  
INSTRUCTIONS**

- If you have any tax liability, the Taxation and Revenue Department may offset all or part of an allowed refund against such liability.
- If the Department denies your claim for refund in whole or in part, you may file a protest with the Department within 90 days of either mailing or delivery of the denial or file a lawsuit in Santa Fe District Court. If the Department does not take action on your claim within 120 days of receiving your claim, you may either refile it if you are within the three-year statute of limitation, or you may file a protest within 90 days from the expiration of the 120 days after you filed the claim with the Department. If no action has been taken on the refund claim within 210 days, the Department is statutorily prohibited from acting on a refund claim if the three-year statute of limitation has passed. For more information on your remedies, please request FYI-402 from your local district tax office or view it on-line at [www.state.nm.us](http://www.state.nm.us).

**Other Required Attachments:**

**Amended Returns:** If your refund is the result of overstating the tax, fees or surcharges due on a previously filed return, you must attach a fully completed *amended* report for each period affected. See the Note under "Exceptions to Filing Form RPD-41071" below. Only one *Application for Refund* is required per claim regardless of the number of periods amended. See the appropriate forms for instructions on filing an amended return.

To claim a refund of gross receipts tax because you did not claim an allowable deduction, you must attach the following, if applicable: 1) a copy of the nontaxable transaction certificate (NTTC) executed by the buyer so we can verify that the NTTC was properly executed in a timely manner; or 2) a copy of any other documentation necessary to support the deduction (for example, a farmer or rancher statement).

To claim a refund of gross receipts tax paid because of an exemption that you did not claim, you must attach documentation necessary to support the exemption (for example, invoices, contracts, etc.).

To claim a refund of an overpayment due to an offset by the Department, please attach a copy of the offset notice.

If you have questions regarding the documents that should be filed with an *Application for Refund* or an amended return, contact the Department using the contact information on the original return or the local district office listed below.

**Exceptions to Filing Form RPD-41071, *Application for Refund*.** If claiming a refund under certain tax, fee or surcharge programs you must use the program specific application for refund form and follow certain procedures which are applicable to those programs. If you are requesting a refund of oil and gas taxes other than the oil and gas proceeds withholding tax, use Form RPD-41136, *Application for Tax Refund - Oil and Gas*. If you are requesting a refund of vehicle-related or driver-related taxes or fees, use Form MVD-10208, *Request for Refund*. If requesting a refund of Tobacco Products Tax, use Form RPD-41318, *Application for Tobacco Products Tax Refund*. If requesting a refund of cigarette tax, use Form RPD-41211, *Application for Refund of Cigarette Tax*. All forms can be found on the Department's web site at [www.tax.state.nm.us](http://www.tax.state.nm.us). Click on "Forms", then select the applicable tax program.

**Note:** If your refund claim is the result of overstating the tax due on a previously filed income tax, estate tax or oil and gas tax return *and* you are filing an amended return, you do not need to attach an application for refund. A complete amended return is sufficient to support a valid claim for refund. Be sure to submit all supporting forms, schedules, and backup as requested by the instructions when filing an amended return.

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**ALBUQUERQUE:**

Taxation & Revenue Department  
Bank of the West Building  
5301 Central Ave., NE  
P.O. Box 8485  
Albuquerque, NM 87198-8485  
Telephone: **(505) 841-6200**

**SANTA FE:**

Taxation & Revenue Department  
1200 South St. Francis Drive  
P.O. Box 5374  
Santa Fe, NM 87502-5374  
Telephone: **(505) 827-0951**

**FARMINGTON:**

Taxation & Revenue Department  
3501 E. Main Street  
P.O. Box 479  
Farmington, NM 87499-0479  
Telephone: **(505) 325-5049**

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**LAS CRUCES:**

Taxation & Revenue Department  
2540 El Paseo, Bldg. # 2  
P.O. Box 607  
Las Cruces, NM 88004-0607  
Telephone: **(575) 524-6225**

**ALAMOGORDO (575) 437-2322**

**SILVER CITY (575) 388-4403**  
**(above calls transfer to Las Cruces)**

**ROSWELL:**

Taxation & Revenue Department  
400 North Pennsylvania, Suite 200  
P.O. Box 1557  
Roswell, NM 88202-1557  
Telephone: **(575) 624-6065**

**CARLSBAD (575) 885-5616**

**CLOVIS (575) 763-5515**

**HOBBS (575) 393-0163**

**(above calls transfer to Roswell)**

**Main switchboard (Santa Fe): (505) 827-0700**

New Mexico Taxation and Revenue Department  
P.O. Box 5557  
Santa Fe, New Mexico 87502-5557  
[www.tax.state.nm.us/](http://www.tax.state.nm.us/)

## INSTRUCTIONS FOR NONTAXABLE TRANSACTION CERTIFICATES

**REQUIREMENTS:** All New Mexico sellers/lessors who wish to execute NTTCs are required to: 1) register with the Taxation and Revenue Department, 2) complete the Application for Nontaxable Transaction Certificates, and 3) be in compliance with the department. Sellers/lessors are in compliance with the Department when: 1) all required returns have been filed; 2) they are not a delinquent taxpayer, and 3) their CRS business registration is complete.

**CAUTION:** Fraudulent statements made to obtain certificates, or fraudulent use of certificates received pursuant to this application with intent to evade or defeat the tax may subject the person or business to a fine of not more than ten thousand dollars (\$10,000) or imprisonment for not more than five (5) years or both. (Sections 7-1-72 NMSA 1978 and 7-1-73 NMSA 1978) In addition, misuse of these certificates may result in loss of the privilege to execute NTTCs for up to one (1) year. (Section 7-9-43 NMSA 1978)

**NTTC DESCRIPTIONS AND AUTHORIZED USES:** See reverse for complete descriptions of NTTC types.

- Type 2: for tangibles for resale, lease or re-lease, or for purchase by manufacturer
- Type 5: for services for resale, for export, or for services performed on manufactured products
- Type 6: for construction contractor's purchase of construction materials and construction services
- Type 9: for purchase of tangible personal property by New Mexico or United States governments, 501(c)(3) organization, or credit unions
- Type 10: for purchase of tangible personal property or services by a person who holds an interest in a qualified generating facility
- Type 15: for tangible personal property purchased by qualified federal contractors
- Type 16: for sales of property, services and leases to qualified film production companies, accredited foreign missions, and their accredited members
- Type OSB NTTCs are issued to registered New Mexico sellers/lessors to execute to Out-of-State Buyers who are not registered with the Department, but who will resell tangible personal property outside of New Mexico

### OPTION #1

**NTTC-NET:** The Department has developed NTTC-NET, a paperless system on the web, to expedite the processing of Nontaxable Transaction Certificates (NTTCs). The Department encourages all taxpayers to use NTTC-NET to apply for, execute, record, and request additional NTTCs online. If you know the seller's/lessor's CRS identification number to whom you wish to execute a NTTC, you may immediately execute the NTTC online. When the recipient's CRS identification number is known, there is no limit to executing NTTCs on NTTC-NET, but you may request up to five (5) NTTCs to be executed at a later date if the seller's/lessor's name and CRS identification number is not known. You must first record executed NTTC information before applying for additional NTTCs to be executed at a later date.

For instructions on how to use NTTC-NET, go to [www.tax.state.nm.us](http://www.tax.state.nm.us) and click on the NTTC-NET link. The benefits of using NTTC-NET are: 1) NTTCs are issued immediately; 2) you can print the NTTCs to your local printer; 3) you do not have to contact the Department to process your order; 4) you can request or execute NTTCs twenty-four (24) hours a day, seven (7) days a week, and 5) you do not need to complete the applications below.

### OPTION #2

#### IF YOU DO NOT HAVE ACCESS TO NTTC NET COMPLETE THE APPLICATION FORM BELOW:

**HOW TO APPLY OR REORDER:** If you do not yet have the name and CRS identification number of the vendor to whom you wish to execute the NTTC, complete the application below, providing all information requested. Mail the application to the New Mexico Taxation and Revenue Department, P.O. Box 5557, Santa Fe, New Mexico 87502-5557, or you may deliver it to your local district office.

**NOTE:** You may reorder additional NTTCs ONLY after your executed NTTCs have been recorded with the Department. To record your executed NTTCs, submit the Nontaxable Transaction Certificate Report or record them online. **The Department will only issue a maximum of five (5) NTTCs to be executed at a later date.**

## APPLICATION FOR NONTAXABLE TRANSACTION CERTIFICATES

To be executed at a later date

(All information below must be completed)

### BUSINESS INFORMATION OF APPLICANT

Name: \_\_\_\_\_

Mailing \_\_\_\_\_

Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

Date: \_\_\_\_\_ Phone No: \_\_\_\_\_

Print Name: \_\_\_\_\_

Authorized Signature: \_\_\_\_\_

### NM CRS IDENTIFICATION NUMBER OF APPLICANT

0 \_ - \_ \_ \_ \_ - 0 0 - \_

☐ New Application

☐ Reorder

**CONTRACTORS LICENSE  
NUMBER (if applicable)**

Type of NTTC

Quantity Requested: 5 combined maximum  
(circle number)

1 2 3 4 5

1 2 3 4 5

New Mexico Taxation and Revenue Department, PO Box 5557, Santa Fe, New Mexico 87502-5557



## NTTC TYPE DESCRIPTIONS <sup>1</sup>

**TYPE 2** certificates may be executed:

- 1) By manufacturers for the purchase of tangible personal property that will become an ingredient or component of the manufactured product. (7-9-46)
- 2) For the purchase of tangible personal property or licenses for resale either alone or in combination with other tangible personal property or licenses in the ordinary course of business. (7-9-47)
- 3) By a lessee for the lease of tangible personal property or licenses for subsequent lease in the ordinary course of business, except for the lease of furniture or appliances, the receipts from the rental or lease of which are deductible under Subsection C of Section 7-9-53, the lease of coin-operated machines, and for the purchase of manufactured homes as defined in Section 7-9-3(G). (7-9-50)
- 4) For the purchase of tangible personal property or licenses for subsequent lease in the ordinary course of business, except for the lease of furniture or appliances, the receipts from the rental or lease of which are deductible under Subsection C of Section 7-9-53; the lease of coin-operated machines, and for the purchase of manufactured homes as defined in Section 7-9-3(G). (7-9-49)
- 5) By a person who is licensed to practice medicine, osteopathic medicine, dentistry, podiatry, optometry, chiropractic or professional nursing for the purchase of prosthetic devices. (7-9-73)

**TYPE 5** certificates may be executed:

- 1) For the purchase of services for resale if the subsequent sale by the buyer is in the ordinary course of business and the subsequent sale of the service is subject to gross receipts tax or governmental gross receipts tax. (7-9-48)
- 2) For the purchase of services for export when sold to an out-of-state buyer **and** delivery and initial use of the product of the service occurs outside New Mexico. (7-9-57)
- 3) By manufacturers for the purchase of services performed directly upon tangible personal property they are in the business of manufacturing or upon ingredient or component parts thereof. (7-9-75)
- 4) For the purchase of aerospace services for resale if the subsequent sale by the buyer is in the ordinary course of business and the services are sold to a 501(c)(3) organization, other than a national laboratory, or to the United States (7-9-54.1)

**TYPE 6** certificates may be executed by a construction contractor to purchase:

- 1) Construction materials that will become ingredients or components of a construction project that is either subject to gross receipts tax upon completion or that takes place on Indian tribal territory. (7-9-51) Enter your contractor's license number on the application or submit proof that such a number is not required.<sup>2</sup>

- 2) Construction services to be performed on a construction project that is either subject to gross receipts tax upon completion or that takes place on Indian tribal territory. (7-9-52) Enter your contractor's license number on the application or submit proof that such a number is not required.<sup>2</sup>

**TYPE 9** certificates may be executed for the purchase of tangible personal property only and may not be used for the purchase of services, for the lease of property or to purchase construction materials for use in construction projects (except as provided in #2 below). The following may execute Type 9 NTTCs:

- 1) Governmental agencies. (7-9-54)
- 2) 501(c)(3) organizations. (7-9-60) These organizations register with the Taxation and Revenue Department and submit proof of Internal Revenue Service 501(c)(3) nonprofit determination before they may execute Type 9 NTTCs. Those 501(c)(3) organizations that are organized for the purpose of providing homeowner-ship opportunities to low-income families may purchase construction materials incorporated into these construction projects.
- 3) Federal or state-chartered credit unions. (7-9-54 and 7-9-61.2)
- 4) Indian tribes, nations or pueblos when purchasing tangible personal property for use on Indian reservations or pueblo grants. (7-9-54)

**TYPE 10** certificates may be executed by a person that holds an interest in a qualified generating facility for the purchase of tangible personal property or services that are eligible generation plant costs. In addition to required reporting on the CRS-1 Form, sellers who accept this certificate for a qualified purchase must also report this deduction on form RPD-41349 Advanced Energy Deduction.

**TYPE 15** certificates may be executed by qualified federal contractors on a contract-by-contract basis. A copy of the federal contract is required. The Taxation and Revenue Department may contact you for additional information.

**TYPE 16** certificates may be executed by:

- 1) Qualified film production companies to purchase property, lease property or purchase services. A qualified production company must submit proof of registration with the New Mexico Film Division of the Economic Development Department. (7-9-86)
- 2) Accredited diplomats or missions for the purchase of property or services or the leasing of property. (7-9-89)

**TYPE NTTC-OSB** certificates may be executed by OUT-OF-STATE BUYERS for the purchase of tangible personal property that will be resold or become an ingredient or component of a manufactured product, or for services performed on a manufactured product. **Type NTTC-OSBs must be obtained by the seller.**

<sup>1</sup> Type 2, 5 and 6 certificates are also optional forms of documentation for other gross receipts tax deductions. For more information on the use of different types of NTTCs please see publication FYI-204: Nontaxable Transaction Certificates online at [http://www.tax.state.nm.us/trd\\_pubs.htm](http://www.tax.state.nm.us/trd_pubs.htm) or request it from your local district tax office.

<sup>2</sup> Proof that a construction contractor's license is not required includes a detailed written statement explaining the circumstances that exclude the contractor from the jurisdiction or application of New Mexico statutes which provide for construction contractor's licensing and regulation of construction activity.

**NTTC NET:** The department has developed NTTC-NET, a paperless system online, to expedite the processing of Nontaxable Transaction Certificates (NTTC). The department encourages all taxpayers to use NTTC-NET to apply for, execute, record, and request additional NTTCs online at [www.tax.state.nm.us](http://www.tax.state.nm.us).

**NOTE:** You may reorder additional NTTCs **ONLY** after your executed NTTCs have been recorded with the department. To record your executed NTTCs, submit the Nontaxable Transaction Certificate Report or record them online.

<b>Your NM CRSID#:</b> _____	<b>Telephone:</b> _____	<b>Contact Person:</b> (please print) _____
_____ Buyer/Lesse Name		
_____ Address	_____ City	_____ State
_____ Country		_____ Zip

Certificate Number: _____	Seller/Lessor Name: _____
Date Executed: ____/____/____	Address: _____
Seller/Lessor New Mexico CRS ID#: 0 ____ - ____ -00- ____	City: _____ State: _____
FEIN / SSN / ID: _____	Country: _____ Zip: _____
(only if Seller/Lessor Out-of-State) _____	

Certificate Number: _____	Seller/Lessor Name: _____
Date Executed: ____/____/____	Address: _____
Seller/Lessor New Mexico CRS ID#: 0 ____ - ____ -00- ____	City: _____ State: _____
FEIN / SSN / ID: _____	Country: _____ Zip: _____
(only if Seller/Lessor Out-of-State) _____	

Certificate Number: _____	Seller/Lessor Name: _____
Date Executed: ____/____/____	Address: _____
Seller/Lessor New Mexico CRS ID#: 0 ____ - ____ -00- ____	City: _____ State: _____
FEIN / SSN / ID: _____	Country: _____ Zip: _____
(only if Seller/Lessor Out-of-State) _____	

Certificate Number:    -         -         -         _____  Date Executed:    ____ / ____ / ____  Seller/Lessor New Mexico CRS ID#:    0 -         -00-____  FEIN / SSN / ID: (only if Seller/Lessor Out-of-State) _____	Seller/Lessor Name: _____  Address: _____  City: _____ State: _____  Country: _____ Zip: _____
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Certificate Number:	Seller/Lessor Name:
Date Executed:	Address:
Seller/Lessor New Mexico CRS ID#:	City:
FEIN / SSN / ID:	State:
(only if Seller/Lessor Out-of-State)	Country:
	Zip: